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Ministry of Finance

Government  
Publications

# Aspects

no. 23

of Assessment in Ontario



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# Aspects

of assessment in Ontario

Published by  
 Ministry of Revenue  
Ontario

Assessment Division   Assessment Standards Branch

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## Contents

no. 23, December, 1977

### Editorial

In this issue, the Honourable Arthur Meen reviews his experiences as Minister of Revenue. While emphasis is on the assessment program and the potential impact of taxation reform, Mr. Meen's interview also provides an interesting commentary on other Ministry programs and on his life as a politician.

The theme of taxation reform is extended as we poll the reactions of a number of municipal officials to the recommendations of the Blair Commission.

*Aspects* #23 also provides an overview of the provisions of the federal insulation grant program and reviews how regional assessment offices have become involved.

With the implementation of an organizational structure based on neighbourhood assessment, the role of the assessor is changing. 'Nine Approaches to Valuing an Assessor' is a compendium of the viewpoints of nine assessors.

Prior to sending out this issue, we've gone through the rather monumental exercise of revising our mailing list. In the process, we received some comments which form the basis for our "Letters" feature. We invite more letters, comments, suggestions for improvements, etc., from anyone who is receiving this issue. □

• Assessment administration	
Kingston — Ontario's exemption capital .....	2
Nine approaches to valuing an assessor .....	6
Reflections on Revenue: <i>Aspects</i> interviews The Honourable Arthur Meen .....	10
How your property taxes are determined R. B. Hopper .....	16
• Tax reform	
Some municipal reaction to tax reform .....	24
• Special topic	
The Canadian Home Insulation Program — A grant that makes dollars and sense W. Friday .....	21
• Case Law	
What's new in case law .....	23
• Data base .....	18
• Communications	
The Mail Bag .....	32
Advisory Committee .....	ISC
Regional Delegates .....	9
• Index	
Subject index to <i>Aspects</i> #11 — 20 .....	34
• Design and all photo credits: W. S. Wu	

## Kingston — Ontario's exemption capital Aspects visits the Frontenac, Lennox & Addington Regional Office



△ A Canada Cement Lafarge Ltd. representative tries to persuade Parm Young (centre) and Art Dingwall (left) that the automated production control panel before them is portable and not a fixture.

Kingston is probably best known for its institutional buildings. Principal among these are four penitentiaries including a maximum, medium and a minimum security prison, a Canadian military college, renowned educational facilities and one of the province's largest psychiatric hospitals. The city has a population of 60,000 which mushrooms into an additional 12,000 in the Fall when the students return to the various educational centres. Moreover, it is the oldest city in Ontario and was Canada's original capital. The St. Lawrence River, the Rideau Canal and Lake Ontario on the City's doorstep, also make it a recreational haven.

Napanee, the only other major centre in the region, has a population of 5,000 and also has a provincial regional jail.

Region #5, of which Kingston and Napanee are part, encompasses 4,500 square miles which include the two counties of Frontenac and Lennox and Addington. There are 27 assessors in the region who are responsible for the valuation of approximately 57,800 properties.

Kingston is both a modern and historic city. The many old buildings present the problem of depreciation to the assessor. "When you have a building that's 200 years old", says Parm Young, Valuation Manager, "when do you stop depreciating it? If you go strictly by chronological age, they should be gone." Through *The Ontario Heritage Act* introduced by the former mayor of Kingston, Mr. George Speal, many of the old buildings are maintained to a very high degree for historical purposes. The old limestone residential buildings are being bought at premium prices and are either being ultra-modernized or restored to simulate the period when they were built. "Thus the normal approach doesn't quite give us the valuation answer to these buildings. We have to use a special approach towards them. But this makes our work interesting", says Parm Young.

## Access

One of the main challenges facing the assessors in this region seems to be that of access. How do assessors gain access to the army camps and penitentiaries and to the many properties widely spread throughout the region's 4,500 square miles, a good portion of which is covered by lakes and rivers?

## Federal Institutions

"There are regulations governing access to military reserves", says Valuation Manager Ed Burns. "In order to get on the military reserve, the Assessment Division has to apply to the Federal municipal grants division of the Department of Finance. The reason for this is that the Department of Finance has its own assessors who, in effect, assess the federal properties in conjunction with the regional assessment office. Thus it's a joint session in arriving at the assessment that eventually goes on the assessment roll".

Contrary to what most people may assume, access to the federal penitentiaries, surprisingly, is easier than access to the military reserves! "We have been in liaison with the penitentiary service in Kingston since the Millhaven prison was under construction in 1972 and have built up a good rapport with the people there", explains Ed Burns. "Thus we have been able to gain ac-

cess to the different prisons in the area for our purposes without having to go through the Department of Finance."

## Northern Country — cottages to hunting camps

When one sees the hundreds of lakes and the vast expanse of the northern part of the region, it becomes obvious that assessors are faced also with the major problem of access to the recreational type properties in the north. Most of the roads are secondary roads, gravel roads or cowpaths and assessors' visits to only two or three of these properties may become whole day affairs. "Moreover, since some of the roads have no names on them it is quite easy to get lost", says assessor Kenneth Fritsch. "That's why I prefer to go by boat," he continues, "since you have a better chance of not missing the properties altogether." In some cases, there is no road access to the cottage properties, thus the assessors have no alternative but to take a boat once they reach a lake. However, on reaching the lake the assessor's problems are not over since the boat ride which follows may be a rough one. On some lakes assessors face five foot waves. "I can even recall an occasion when an assessor went over-board from one of the boats," recalls Commissioner Tom Ryder. "As a result, we recommend that assessors work in pairs when travelling by boats," he continues, "this becomes very time-consuming but it must be done for obvious reasons."

Having reached the cottage by cowpath or by boat, thoroughly drenched, the assessor faces the test of whether it was all worth it — can he actually get into the cottage? "One of the main problems," says Commissioner Tom Ryder, "is trying to get into a cottage. There are only two months of the year, July and August, when you can reasonably expect to find people there. If the assessor goes when the people aren't there it does cause problems of returning a second time or in some cases estimating the value of the cottage — some people are never seen at their cottages."

Much of the northern part of the Region is owned by the Ministry of Natural Resources which issues land use permits for hunting camps. "They're way back in no man's land", says Parm Young, "so the only way to get to them is by snowmobile." Assessors recall one of their visits to assess a hunting camp on a day when the temperature was 30° below 0°. The assessors went into a hunting camp (some are usually left open) to put on a fire and get warm when they realized they had to thaw their lunches out — "they were frozen solid!" says Parm.

The camps range from a shack — enough to keep the elements out — to very nice cottages. Thus they are assessed from the cheapest sort of cabin to higher classes. "The value we place on them", says Parm Young "is mainly just the cost of construction of the cabin plus a nominal value on the land depending on how much the permit allows, but in many cases it's just a minimum value . . . for the amount of assessment involved they must wonder if it's worth the effort that you have to go through to get to it." This is quite evident considering that to get to some camps in the northern townships where there are no roads, assessors actually have to drive out of their own region, enter again from



△ "Good news ladies! We've just hired a male assessor," says Commissioner Tom Ryder.

the top end of their region and then take a boat to the camps!

### Assessment Services

These unsurveyed townships of the north present great challenges to the mapping section of the office. Descriptions on deeds are very often out of date and thus inaccurate, since they refer to county and township roads which have since been removed. "There was one instance when the deeds of a hamlet all said 'from the west edge of the concrete bridge on the highway,'" relates Don Clayton, Assessment Services Manager, "but when we went to take a look we found that the bridge had been removed!" In addition, there are many unregistered deeds which make the task of the mapping section difficult. "Unless there is a complete survey made of the north", continues Don Clayton, "our records will never be completely accurate."

### Enumeration

The many institutional buildings and the transient population in Kingston pose problems for the assessment services section particularly at enumeration time. "To enumerate these institutions requires considerable additional planning over and above your normal type of enumeration," says Don Clayton.

Since it is difficult to find students in their residence units, the Assessment Office gets a computer printout from Queen's University of all the students in residence. "However," says Don Clayton, "it's an alphabetical

listing only of all the persons in residence, the first person on the list may be in one residence and the second person in another. We then have to go through that list and pick out the people in the various buildings, then try to make another list from the original stating which students are in what buildings." The assessment office cannot always obtain statistics for these people even though the assessment office has tried reaching the students at registration time but "the student's aren't interested."

The story of Elrond College seems to prove this. Last year at Elrond College which is a student cooperative, the assessment office redesigned enumeration forms specifically for the College. After having them distributed to the residents, only 6 forms out of a total of 485 were returned to the assessment office!

Enumerating the Royal Military College is an easier task since the College supplies a list with statistics to the assessment office. The army base, however, presents some difficulties — to such an extent that the assessment office has had to redesign MEN forms specifically for enumeration there. The redesigned forms are given to the base commander who, in turn, distributes them to the barracks. The assessment office then awaits their tardy return by mail. At the married quarters of the base, enumeration can only be done by hiring enumerators who live on the base. No one from outside the base is allowed in for this purpose.

Enumerating the penitentiaries involves the assessment office writing the penitentiaries and obtaining a list of the numbers of the inmates, not their names. This is strictly for a record of the inmate population and is not recorded on the SAS file. In a similar manner only the

numbers are required for the patients of the psychiatric hospital. However, since the psychiatric hospital is emphasizing outpatient type of care, letters must be sent to various nursing homes and private homes to establish the number of the persons in each place who are from a psychiatric hospital, thus differentiating them from legitimate nursing home patients.

"You can appreciate that we must do considerable advance planning before enumeration actually starts," says Don Clayton. "It is a major problem for the voters' list. Ensuring an accurate population statistic is very important since the city clerk wants as many people recorded as possible for grant purposes."

### Transient Population

"Change is really part and parcel of the nature of the economic fibre of Kingston which is composed of the university, the military facilities and the government institutions," says Ed Burns. These types of institutions have attracted a transient population which in turn has caused a change in Kingston's old neighbourhoods. It is the assessor's task to keep abreast of the shifting neighbourhoods. The old neighbourhoods in the downtown core were once made up of large single family homes that are now being converted into multiple family use to meet the housing demand of university students. As a result continuous growth is taking place in the suburbs. Vibrant residential growth is also taking place within the City to meet the demands of personnel from the Army Camps and the large federal government institutions. Consequently, commercial requirements and shopping centres are on the increase in Kingston.

Condominiums are new to the Kingston housing market and assessor Maureen Petersen recalled that assessors spent considerable time explaining to tenants how their units are valued and why their garbage and snow removal costs are not related to the amount of property taxes they pay. "At one time their resale market was very active," she says "but it has now levelled off."

### Neighbourhood assessment

The implementation of neighbourhood assessment did not have a major impact in the Kingston Office since the region was reorganized on a geographic system in 1973. Most people view the new system with optimism. They believe it gives the individual a broader outlook on the total assessment function rather than on specific tasks, allows more contact with the ratepayers and thus improves public relations.

The working relationship between the assessor and the clerk has also improved since the assessment services section was organized on a neighbourhood basis.

Assessors Alvin Wartman and Maureen Petersen feel that it has its advantages and disadvantages. Alvin feels "it's opening many new types of properties to be examined to which previously I had limited exposure."

Maureen thinks that the volume of paperwork to be done has definitely increased. Commissioner Tom Ryder feels that it has its real rewards and once the assessors start working within it that it will be quite acceptable. "However," he warns, "there is going to be a lot of training required for assessors who, through no fault of their own, haven't been actually required to learn all the facets of appraisal."



△ "Maybe we ought to hold the office picnic on Wolfe Island", says Services Manager Don Clayton to draughtsman Gary Pinney.

### Effect of recommendation on exempt properties

Kingston has the highest percentage of exempt properties in Ontario and the recommendation of the Blair Commission will have an impact on the assessment base of the City itself but not on the assessor's workload. Since the market value and income approaches to value cannot be applied to these institutional buildings, assessors use the cost approach. "Some people think that because properties are exempt from taxation we do not employ the same amount of time and diligence that it would if we were assessing a shopping centre," says Ed Burns. "But that's not true. There's a great deal of work involved, the measuring, sketching, collection of data and compiling of records on one institutional building could take as much time as assessing a shopping centre." Thus the assessment of these properties goes on as usual although they are exempt from taxation.

### Conclusion

The Kingston region with its blend of the past and present, its institutional buildings and scenic recreational lands provides a great diversity of properties and a host of experiences which assessors in more urbanized centres could never experience. As neighbourhood assessment takes its course it is hoped that the assessors will be given the opportunity to acquire and apply the appraisal knowledge to these different properties. □

## Nine Approaches to Valuing An Assessor

Wanted:

Property Assessor 3  
\$288.57 — \$344.89 per week

Required by the Ministry of Revenue, Assessment Division. You will be a fully qualified assessor capable of analyzing market data as applies to all types of real property. You may act as a senior member of a work unit responsible for assessing complex or unique properties that are not subject to normal market forces. Regardless of the assignment, you must be knowledgeable in the use of the Ministry Valuation Manual and the application of the Assessment Act and related Acts.

Location: Townsville, Ontario

Qualifications: . . . . .?

An innocuous but somewhat ambiguous advertisement posted on a bulletin board or listed in a classified column of the daily newspaper. All assessors, past and present, will have seen it at some time or other and all have responded to such a request. But what manner of human being is a good candidate for such a position? Could any man or woman fulfill the demands? *Aspects*, in an effort to uncover an inside-the-profession viewpoint, asked five valuation managers and four assessors from various regions in Ontario what they felt constituted a good assessor.

### The Assessor: An all round valuator

Alistair Scott from the Trenton Regional Office began with: "The essential mark of a good assessor is his competence in the appraisal of real property." This terse statement reflects only the tip of an iceberg of tasks and responsibilities. More than that, as Robert Trudell, Valuation Manager from the Windsor Office, noted: "Over the past few years the role of the assessor has changed to the point where he has undergone a complete circle relative to what an assessor twenty years ago did."

Today we are looking at the concept of neighbourhood assessment once again; that is, each assessor being responsible for a given area. "Geographics to the assessor," Jim Trznadel of the Cambridge Office pointed out, "means that his responsibilities towards the assessment programme have become greater. Instead of being involved with one type of property and becoming thoroughly knowledgeable in a specific field, the assessor must now live up to that old planning adage of being the 'jack-of-all-trades but master of none'."

In terms of an assessor's technical expertise, all agreed that much is involved. It entails in the majority of cases the valuation of all types of property: single family residences, apartment buildings, commercial strip

stores, shopping plazas, factories, schools, churches, office buildings, billboards, farmland, forests, mines and so on ad infinitum. "The list is almost endless when one considers the various types of property with which the assessor is faced: industrial, commercial, institutional, governmental, special and exempt," was Stuart McElrea's comment. You name it and some assessor somewhere in Ontario must value it.

This necessitates a thorough comprehension of the three appraisal approaches to market value, namely: the cost method, the income method and the comparative sales method. On this point Mr. Scott added: "Although these approaches are common to all knowledgeable real property appraisers, the assessor has added complications imposed upon him by the volume of his work and by legislation."

Furthermore, in connection with these methods of valuation, the assessor's duties must of necessity include the processing, the investigation and the analysis of all sales data in his locality. Rental data for income-producing properties must be gathered and analyzed in order to obtain fair market rents for a given area. Gross rent multipliers must be calculated from sales and rental data. These results must then be documented as a back-up in case of court interrogation regarding assessment techniques used in valuing properties.

Because an assessor's valuation is for taxation purposes, one of his primary concerns is equity. Similar properties must be assessed in like fashion. This requires the collection and the analysis of complete groups of like properties, and forces the assessor to be aware of market trends in his neighbourhood so as to be able to apply and to justify possible local adjustment factors to the values. This is not a mere mechanical process. Mr. Krick from the St. Catharines Regional Office pointed this out: "He (the assessor) should use his professional judgement in considering the factors that affect the value of each property."

Each assessor must also investigate all assessment notice appeals including 636A applications. Should it be deemed necessary, an armoured defence of an appealed assessment must be prepared and presented before any court of law.

### The assessor: An administrator

Whereas an appraiser's task ends with valuation, the assessor must still face the sometimes tedious and onerous task of keeping records current. On that subject, Mr. Trudell contributed this: "As a neighbourhood assessor, he bears the responsibility of ensuring that all properties in his neighbourhood are properly described and entered on the assessment roll. He must ensure that all assessable persons in his neighbourhood are entered on assessment data sheets. This will be accomplished by supervising the enumeration in his neighbourhood. He should, over a two-year span, reinspect each property in his neighbourhood, adjust property characteristics where necessary and update market values."

However, the duties do not end there. Open house programmes with each new roll return are to be organized and directed by assessors. Voters lists for each municipal election must be compiled and corrected. And on and on it goes. The list seems endless.

Donald Webb, Valuation Manager in the Kenora Office, summarized it nicely: "The assessor, when facing the challenge of geographic responsibility, will now become a valuator, collector of statistics, analyzer and public relations official as he or she performs the various tasks to achieve success under reorganization."

So now the question remains. What manner of man (or woman) is this who can hope to realize this ideal adequately? What education must he (or she) have? What personal qualities should he (or she) possess?

### The Assessor: personal and academic prerequisites

Out of our nine correspondents, six responded to the matter regarding educational requirements. None was dogmatic or categorical as to specific formal education above the high school diploma. Mr. Krick felt that formal education was an advantage, but in his experience, he had witnessed good assessors with a variety of educational standards: those with high school graduation only, those with community college assessment diplomas in their background, others having the M.I.M.A. programme behind them and yet others possessing non-assessment oriented university degrees. However, he did add, "It is important that an assessor have an education in assessment and I believe it important that there be a flexibility of types."

Alistair Scott, on the other hand, was of the opinion that ideally, an assessor should possess good academic qualifications and have a broad experience in various fields of practical application such as construction, real estate and municipal government. He also mentioned the need for internal training programmes and financial assistance for those desiring to embark on other assessment-oriented courses.

Stuart McElrea from the Lindsay Office expressed his philosophy on an assessor's education in this way: "His education must be of sufficient scope to enable him to

cope with the learning process necessary to adapt to the new procedures and policy changes to which he is frequently exposed. He will find it helpful to develop his own reading system to keep up to date in the assessment field."

Jim Pickering from Newmarket corroborated his point. "An assessor's demonstration of his professional expertise must come first from his field experience, secondly from the reading and studying of the many fine works on appraisal theory and its application. Academics of the right sort are requisite. Observation, study and original thought can only promote an assessor's growth."

E.C. Aldridge of the Whitby Regional Office contributed a varying theme on the same viewpoint, that "technical knowledge alone does not make a good assessor". He stressed an on-going education for the assessor in the market place itself.

The theme therefore that pervades regarding educational requisites for assessors is that good assessors may emerge from a diversity of educational moulds, but their expertise arises out of the ability and a willingness to glean, from every possible source, the information that keeps them abreast of every nuance of present market trends and refined valuation techniques.

Having now ascertained that education alone does not make a good assessor, exactly what other qualities must he possess?

Employers everywhere prize highly the attributes of industry, dependability, honesty and courtesy in those under their jurisdiction. The commissioners and the valuation managers of the Assessment Division are no exception. However, there are certain other characteristics that the assessment profession demands of its best.

Due to the nature of his position as a middle man between the public and the Tax Department, every good assessor must be a public relations man. According to Bryan Cordick of the London Regional Office, this means that the assessor must be professional in his dealings within and without the Assessment Division itself. This demands a high degree of competence in all matters related to assessment. Because the assessor is in essence reaching into every man's pocket or purse, he must behave in a highly ethical manner in the performance of his duties. E.C. Aldridge stated it this way: "Assessors should conduct themselves in a proper business-like manner, keeping in mind, at all times, that the end result of their job is a fair distribution of the municipal tax dollar. Taxpayers should always be treated in a dignified manner and their confidentiality respected at all times."

Over and above this, it was reiterated time and time again by our correspondents that the assessor must always be objective and impartial in his treatment of individuals and assessments. Alistair Scott stressed that neither sympathies nor intimidation should be criteria enough to alter an assessor's honest opinion. Perseverance was considered commendable in such instances. Mr. Krick went so far as to say that forthrightness was another asset of the good assessor.

Diplomacy, however, was also considered essential. Robert Trudell contributed this: "An assessor should never forget that he is a public servant and should at all times be as diplomatic as possible in dealings with the public and his peers." Public service, however, was not considered tantamount to being a public doormat, as

Mr. Scott so cogently brought to our attention; "fair but firm" should be the status quo.

In dealings with the public Mr. Cordick felt that the ability to communicate should not be overlooked as a quality essential to the good assessor. He expressed it this way: "Effective communication is important to obtain and maintain public respect." He also suggested that an "informal show of interest" in an individual's commercial, industrial, residential (or whatever) concern went a long way in promoting amicable relations with the public.

Another valuable personality characteristic was mentioned by Jim Trznadel. Fundamental in the ever-increasing number of attributes to be claimed by the ideal assessor is the unspotlighted virtue of adaptability. "Basically," Jim said, "the assessor's role in geographics will all be determined by his ability to adapt. If one is not able to make the changes easily, it can affect not only his day to day functions but the overall assessment programme."

In summary, the conspectus of opinion was this: if an assessor does possess a good number of these attributes — a professional manner, competence in his field of endeavour, impartiality, diplomacy, adaptability and certain communication skills — he is well on his way to becoming an effective public relations man. That is important, because as Mr. Trznadel pointed out, "by maintaining a decent public image with most property owners the assessor has overcome at least 50% of his day to day hurdles."

In determining the essential qualities of a good assessor, let us not forget that not all of his merits revolve solely around the presentation of a good public image. If fifty percent of his working hours are spent in the eyes of the public, then fifty percent are spent with his colleagues. We asked these nine what they considered should be an assessor's attitude towards his compeers.

Respect . . . respect . . . respect . . . was the recurring theme of that song. Good assessors "should exhibit a degree of respect for the abilities and competence of his co-workers and should not disagree irrationally with their decisions," were the words Bryan Cordick used. Stuart McElrea felt that co-operation was the harmony that would make assessment an altogether smoother operation. A good assessor was also a co-operative one.

These were the qualities most valued in an assessor by these men of the Assessment Division. If indeed what Jim Pickering said is true — "that the conduct of an assessor in his work can be nothing but a reflection of the man himself" — then we are expecting good assessors to be good men.

However, should anyone now declare that we have now compiled a compendious list of attributes required by the best of this profession, let him think again. Assessors are not merely born; they are made!

### Management and assessors

Good and effective management produces good assessors. With neighbourhood assessment, not only will the assessor find his role changing, but the responsibilities of management will alter as well. Because of this, the lines of communication between management and staff must be open and must be utilized. As Alistair Scott put it: "In order for an assessor to do his job pro-

perly there must be a good line of communication right from Head Office down to the assessor. Our communications system works fairly well; however, it requires constant attention in order to make it a two-way street."

The management must be well-informed and must be educated in the best and the latest of valuation procedures. It is their responsibility to be aware of any new developments, whether the communications echo from Head Office or from the market place itself. Good management also does its utmost to provide the assessor with every possible tool in order to facilitate his task. Mr. Scott suggested that "efforts should be made within the regional offices to facilitate the study of new ideas". He encouraged the idea of professional development sessions consisting of one day or even a half-day set aside each month "to study such things as new construction techniques, recent court decisions or interesting assessment problems that have arisen with the regional office".

Group participation in decisions affecting assessment techniques and assessment-related matters would also promote management-staff relations. Mr. McElrea made a very good point when he said: "It is the responsibility of the Regional Office to ensure that each assessor is knowledgeable with regard to what is expected of him and that he is made familiar with new procedures before they are implemented, not only with respect to the 'how' but also, as much as possible, the 'why'."

Good management provides access to expert opinions and ensures that its assessors are allowed adequate time to complete a given task. In the words of Mr. Scott: "Another pitfall is that we seem to operate under a crisis mentality. With each new program that comes through we are told that it is a top priority and that it is a rush job. If we could smooth out our workload it would benefit everyone."

Excellent assessors therefore are the products of a progressive and a sensitive management.

### Conclusion

In conclusion then, should any in the outside world perchance be applying for such a position, beware of the pitfalls. What must every assessor be on guard against if he is frustrated by bureaucracy, railed against by an irate public and compelled to adhere to policies that may offend his conscience?

Mr. McElrea warned against being overly aggressive or, by the same token, completely passive. Neither attitude was commendable. He said: "Guard against the temptation to become a 'policy maker' . . . and thereby come into conflict with divisional policy. He (the assessor) must also be aware of the danger of feeling so secure . . . that an attitude of *laissez faire* may develop with detrimental effects." Mr. Scott admonishes the assessor not to "blame Head Office for all our problems". Donald Webb remarked that one of the pitfalls in an assessment career is falling prey to low morale due to the fact that "the public image and public opinion (of anything remotely linked with property taxes) are very low". "The ratepayers' opinion," he went on to say, "is that assessment and tax bills are synonymous and their attitude is that the assessor's main purpose is to ensure that the tax dollars they are paying are going to escalate."

"An assessor can become so familiar with a given set of properties that he neglects to take a fresh look at them, and in doing so, may overlook some obvious errors," Mr. Krick noted. Another of his contentions was expressed in this way: "What are the pitfalls? He (the assessor) looks at the work someone else does and starts to produce only the amount others produce rather than reaching for the limits of his own capability. He follows the bad habits of others instead of setting his own standards."

Jim Pickering probably expressed it most succinctly when he admonished: "Let assessors avoid the errors of self-complacency, apathy and infallibility." Mr. Trudell added, "An assessor's job can, at times, be very interesting. However, there are times when it becomes very trying and frustrating. It takes a particular type of individual to make a go of it but, for the most part, a career as an assessor can be very rewarding and provide a great deal of satisfaction for those involved."

This was corroborated by E.C. Aldridge who concluded in a statement that perhaps all assessors should remember. "All jobs are not one hundred percent a bed of roses. We all have to do tedious tasks from time to time. However, I sincerely believe that if assessors will give a little extra effort, keep themselves totally educated and involved, they will produce more accurate appraisals and have the satisfaction of a job well done. If this is accomplished, there should be no pitfalls to fall into."

This is what assessors and managers themselves consider to be the optimum in qualifications for the obscure and all-too-general notices on assessment office bulletin boards — the notices that many apply for and few truly

comprehend. Let it be known, they seem to be saying, that being a good assessor is no mean task. It merits your very best! □

### A note of thanks . . .

Contributions to this article were submitted by the following members of the Assessment Division:

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Jim Pickering, Property Assessor  
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Alistair Scott, Property Assessor  
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Essex Region

Jim Trznadel, Property Assessor  
Waterloo Region

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Kenora-Rainy River-Thunder Bay Region

We take this opportunity to thank them for their ideas and suggestions which have all gone into making this article possible. [ed.]

## REGIONAL

## DELEGATES

for

aspects

### Eastern Ontario Assessment Area

1. Prescott & Russell-Stornmont  
Dundas & Glengarry — Mr. H. Morris
2. Lanark-Leeds & Grenville — Mr. G. Grey
3. Ottawa-Carleton — Mr. H. Hafenbrack
4. Renfrew — Mr. H. R. Barkell
5. Frontenac-Lennox & Addington — Mr. K. Froats
6. Hastings-Prince Edward — Mr. J. A. Smith
7. Haliburton-Peterborough-Victoria — Mr. J. Guerin

### Central Ontario Assessment Area

8. City of Toronto — Mr. N. Stambouli
9. North York — Mr. A. W. Wilson
10. Scarborough-East York — Mr. D. Struke
11. Etobicoke-York — Ms. C. Farr
12. Ontario — Mr. B. Robinson
13. York — Mrs. C. Shaw
14. Halton-Peel — Mrs. Barbara Trotter
15. Simcoe — Mr. M. Lumsden
16. Muskoka — Mr. R. McCann

### Western Ontario Assessment Area

17. Niagara — Mr. J. Harriman
18. Wentworth —
19. Brant-Haldimand-Norfolk — Mr. J. Huff
20. Waterloo — Mr. C. Meadows
21. Dufferin-Wellington — Mr. I. Dunlop
22. Elgin-Middlesex-Oxford — Mr. R. Scott
23. Huron-Perth — Mr. D. A. Steep
24. Bruce-Grey — Mr. R. Robertson
25. Kent-Lambton — Mr. B. H. Seney
26. Essex — Mr. J. Storey

### Northern Assessment Area

27. Nipissing-Parry Sound — Mr. L. Warner
28. Cochrane-Timiskaming — Mr. A. Young
29. Manitoulin-Sudbury — Mr. I. McJannet
30. Algoma — Mr. F. St. Jules
31. Kenora-Rainy River-Thunder Bay — Mr. I. Zhiha

## REFLECTIONS ON REVENUE

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### An interview with The Honourable Arthur Meen

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#### Aspects

We are very conscious of the contribution you have made to the political scene in Ontario. Many people were surprised at what seemed to be a premature withdrawal on your part from public life. Would you comment on this and could you highlight some of the major legislation you sponsored?

#### Mr. Meen

*Regarding my decision not to run for political office, I don't consider it premature when you look at all the facts. I originally went into politics at age 43, anticipating that I would not stay longer than three four-year terms, thereby retiring at age 55. Then I would be able, if the opportunity presented itself, to enter some other form of activity, say for example, a business corporation, and enjoy during that period the same kind of benefits as other people. I'm thinking particularly of the fact that many companies have a mandatory retirement age of 65 and pension plans with a ten-year vesting period. Those two characteristics mean that you have to join the firm by age 55. Well, at age 53, where I found myself last March, I would be expected to run for a four-year term which would take me to age 57. So I had to reassess everything and consider that the initial twelve year projected period of time in public life should be reduced to ten. Conse-*

*quently, I don't think that it's premature, except if viewed in the context of my original expectation of twelve years.*

*As to highlights of legislation, I would touch on the non-resident Land Transfer Tax and the Land Speculation Tax. I should also mention the 'GAINS' program which I introduced and which I think is one of the finest programs we have. I suppose those are the major areas: the Speculation Tax and the Land Transfer Tax which were intended as a package to put a damper on what was perceived in the Spring of 1974 as rampant land speculation, driving prices right out of sight. And of course they had a very dramatic effect on our land prices.*

#### Aspects

May we shift topic here and perhaps touch on the issue of property tax reform? Will you comment on the Blair Commission Report and focus on some of the specific recommendations?

#### Mr. Meen

*One of the things I should emphasize of course, is that the Treasurer has now referred the Blair Commission Report back to the municipalities for their analysis of the*

impact these recommendations would have on them. I have not had an opportunity to study thoroughly the Commission's recommendations although my preliminary assessment of their report is that they appear to have concurred. For example, they have agreed that we still do require property tax — that it should not be taken off and the cost of running a municipality borne in some other fashion. They concluded that it should be borne by the property owner. They've concluded that market value should be the criterion upon which values are established.

They have concluded that a business assessment of 50% should be applied across the board, wiping out the different rates ranging all the way from car parks at 25% to distilleries at 140%. I was surprised because it seemed to me that the small business merchant — presently taxed at 30% would be affected. I also understood that there were problems in some municipalities where a very substantial part of their revenue is derived from the business tax on distilleries. There are two or three municipalities in Ontario where that applies. They would experience about a 15% increase in their residential tax were this proposal to be introduced. I was surprised about that, and I wouldn't be at all surprised if some of the municipalities have something to say about that when they make their submissions to the Treasurer and to the Minister of Revenue.

I also notice that they take a hard line with respect to charitable organizations — a harder position than some of us were prepared to adopt. I know that the people working in a volunteer capacity with organizations such as the YMCA will wonder whether their energies are going to be diverted from raising the monies to going to Council and making their case.

Of course, there are two sides to that question. The other side is that the proposal would put everything out on the table where the people of every municipality could see what their Councillors are prepared to do on their behalf to benefit some of the local organizations. Let the local organizations come and make their case.

### Aspects

How do you view the Report's philosophical basis?

#### Mr. Meen

Its philosophical basis is sound. It actually made a recommendation or two which I don't think we had even thought of in our original proposals. There was one in particular that struck me. It was in connection with residential property tax credit and for that matter they went on and incorporated the same principle into commercial and industrial tax adjustments. Where there is a leasehold arrangement, the government would build into the legislative package provision that tax reductions would be passed on to the tenants and presumably also tax increases if they were to occur, regardless of the terms of the contract or lease. I think that's an eminently sensible recommendation and something on which we did have some discussion in the course of the many speeches which I made around the province.

In my opinion, they have thought about some of these things along the lines of some of the submissions that were made to me formally in the course of my perambulations around the province in 1976. For example, I heard cases of the seniors who said that they've been paying tax all



△ The Honourable Arthur Meen beams with delight as he plans to enjoy his "retirement."

these years and their kids were through school, so why should they continue to be paying school tax? They should remember that there were seniors who were helping them put their children through school when they were younger and that what they're suggesting is that that burden should be shuffled off onto the younger people who are presently raising their children at greater and greater expense.

In order to help these senior citizens we have the Ontario Tax Credit program. There are some methods of refining that tax credit which I presume the Treasurer and the Minister of Revenue are examining presently to further help our senior citizens. I've not had a chance to study what the Blair Commission has had to say about that recommendation though. However, my guess is that they would recommend some increases and perhaps some adjustment.

By and large, I have to congratulate the Blair Commission on the work that they did. Their work and their recommendations are going to be very useful to the government when it fully implements market value assessment.

### Aspects

Do you perceive a general consensus that market

value assessment should be implemented as soon as possible?

Mr. Meen

*There has to be general acceptance of the government's perception of its need. I concluded last year, that among the municipalities and among those who understand the problems of property taxation, there was a consensus that reform was required. There were many submissions made to me telling us to get on with it. Let's not have any more delays. The only people who didn't want it implemented were those who might have an increase in their taxes. They were afraid of change. Other groups, parochial in nature, also let us know that they thought we should leave it alone. By and large, those who were at all conversant with the problems and who recognized the difficulties and the inequities were reluctant to see the delay even through the year 1977.*

*Well, not having had a chance to see the submissions made on behalf of the municipalities in response to the Blair Report, I can't say whether I sense any kind of general acceptance and consensus that you should get on with it. But I would be very disappointed if you don't have that kind of consensus. I think you have to have an atmosphere of general acceptance and willingness to get on with it, even in the recognition that there may be some dislocations of a minor nature.*

#### Aspects

Given the political realities when would you like to see market value assessment introduced?

Mr. Meen

*I suppose it's fair to say that we would've had some misgivings about implementing market value assessment during the last minority government. It was not deferred beyond the election time for the purpose of getting it out of a minority government situation. We put it off for the year to get the benefit of Blair's Report and then subsequently decide, with the benefit of the input from the municipalities, the response to the Report. This gives the government a chance to assess it further. The government is now in another minority position, although it's a stronger government than before. I think it highly unlikely that the opposition parties would provoke a defeat of a major piece of legislation like this if it is apparent that there is general and wide-spread desire that it be implemented. So I would like to think that given acceptance, the government will have the courage to go ahead and implement market value assessment modified along some of the lines suggested by Blair, and also perhaps with further refinements to those as suggested by the municipalities.*

*I have not had a chance to talk to Pat Gillis or Jack Letner or any of the others directly involved in the Assessment Division. It might be that by the time the amendments to the legislation are in place, say this fall, it may not be possible to have assessment rolls in final shape by next December. Certainly, my original plan of having assessment notices out early in 1977, so that the taxpayers would have months within which to review the market value assessments with the assessor who actually did the work in their houses, is no longer viable. If there is to be a period for that review, it's going to be in the wintertime*

*and it's going to be abridged. So it may not be possible to return market value assessment for 1978, though I would still like to see it accomplished.*

#### Aspects

You mentioned two conditions which really surround the entire issue of tax reform. The first encompasses the question of prerequisites to general acceptance, which will set the stage for implementation. The second issue is the method of implementation which naturally includes the grant structure, the tax credit and so on. Would you comment on the social requisites that would be necessary?

Mr. Meen

*My own view of it is that there must be a general recognition by the public that the antiquated methods of assessment are such that in all likelihood, they're not being properly assessed vis-a-vis their neighbours. The average person must come to recognize that he's not getting a break. There are vast areas that aren't paying their fair share of taxes at all, which would be brought under the umbrella of taxation. In large measure taxes, residential taxes, won't go up, but will go down in the overall picture. That's a message that I was bringing last year and taking out around this province. If you get that message across, then I think you achieve an acceptance and a willingness — in fact an enthusiasm — by people to have us get on with it. There are people, organizations and municipalities that are aware that this is happening. They know there are substantial provincial properties and other properties as well that are not bearing their fair share. They're the ones who say, "Well, let's get on with it and let's get rid of all these injustices." They know that in the long run they're going to benefit; it's not going to hurt them. So, as I say, if you can get that message out to the people, then they're going to be saying, "Well, what are we waiting for?" There may be a few problems; you can work them out and you'll get your grant structures sorted out.*

#### Aspects

You launched the landmark legislation on the control of land speculation as Minister of Revenue. How do you assess this piece of legislation with hindsight now?

Mr. Meen

*It's a funny thing about hindsight. There's an expression—and I guess you have heard it — that if your foresight were as good as your hindsight, you'd be better off by a damn sight. And I guess it is fair to say that with the Land Speculation Tax. We hit too many areas too hard in an effort to stop rampant speculation. Now there was great merit in doing it that way. We had to bring in legislation for which we could find no precedent anywhere, we had to do it in isolation. We couldn't go out and talk to the community and we couldn't get the benefit of anyone's advice. We had to go strictly on what we thought was the way to tackle this. We knew intuitively that we would have dozens of amendments that we would find desirable to make quickly, because if it turned out we covered an area we didn't intend to cover, we couldn't say, "Well, we'll fix that up when the House*

reconvenes." We did this in the spring session and we knew that through the summer we would have to deal with many cases which we hadn't anticipated. I say dozens, but it turned out to be hundreds.

We had to make it tough from the beginning and then we could effect moderation by Order in Council and/or by Regulation. You can reduce a tax by an Order in Council but you may not increase it without legislation. So we had to make it very tough and then allow the Lieutenant Governor, on the recommendation of the Minister of Revenue, to do certain things. Included among these were the powers to remit or rebate, and modify and so on by Order. And so in the summer of 1974 and into the fall we looked after dozens of cases that came before us and modified and refined the legislation that way. And then in the fall I brought in substantial amendments that adopted the principles which Cabinet had adopted in the form of Regulations in the preceding months. The difficulty with that, and this applies just as much to the non-resident Land Transfer Tax, was that the general image which the legislation established was its intensity and persuasiveness across all segments of the business community, notwithstanding our substantial amendments by Orders in Council in the summer by general regulation, and by amendments to the legislation the following Fall.

The image persisted that non-residents weren't wanted — which wasn't so. We just did not want non-residents to be using their money in highly speculative ventures. But that's not the way the image came across in the boardrooms of the companies in West Germany, Japan and so on. So in hindsight I think it was good legislation — good social legislation intended to meet the land speculation fuelled by foreign dollars that had developed in the winter of 1974. We were decreasing land speculation generally and we were subduing the foreign investor who was fuelling the land speculation with another 20% under the non-resident section of The Land Transfer Tax Act. We stopped that, but the trouble was that in doing so, investors in foreign countries concluded that Ontario didn't want them. And they turned away from land investment far more than we had ever intended. All the speeches in the world have not been totally successful in reversing this image and bringing back the foreign investors.

The government of the day in which I played a part was certainly not thrilled with foreign control over business enterprises, but we did not want to turn away investment in the creation of jobs and the development of industries. Yet we were faced with the dilemma of a good deal of foreign money coming in and fuelling the fires of inflation in real estate. Now the government has recently announced intentions of amending The Land Transfer Tax Act, to retain it at 20% only on the acquisition of farm land and recreational property by non-residents. There was also a proposed refinement of The Land Speculation Tax Act with respect to the length of time within which investment property would be held from ten years to five years. I think that foreign investors are still largely unaware that that is the case. And that's as recently as you might say in today's world.

Now this is because of the basic image created by those two Acts. I am told that a gentleman who is spokesman for a very well-known investment community and a lawyer — one who presumably should know the law and our intentions—as recently as yesterday expressed surprise at the suggestion that there were no longer any real

inhibitions placed upon foreign investment in terms of apartment houses, industrial complexes, or whatever. Now, what are you supposed to do? You go out; you make speeches to the various investment communities; you tell them what the story is. The Premier went over to Frankfurt last September and spoke to the business community there. Claude Bennett has been all over the place speaking to the various business groups, giving them the story, and still the message doesn't come across.

This brings us to the question: was it a success? I think the problem is that it was a success in its initial objective, but objectives change. Speculation is no longer the great ogre that it was. I think that we're more concerned, and the people of Ontario have to be concerned. I'm sure the government of Ontario is deeply concerned with the question of employment, job creation, the balance of payments, and the other factors I've already mentioned. And it's for those reasons that they've taken a very wise route.

The next question is: how do you sell that to the business communities and get back to the point where they understand just what was intended by these pieces of legislation?

#### Aspects

The GAINS program was a proclaimed success. Could you shed some light on how the program was conceived, developed and implemented?

#### Mr. Meen

This was developed in the Ministry of Treasury and Economics, and it was developed in the recognition that even with the OAS GIS support, our senior citizens in Ontario were receiving inadequate support under the federal system, which is geared to the cost of living across Canada as a whole. In Ontario, where it costs more to live than most other provinces, TEIA concluded that in order to look properly after our senior citizens and help them maintain a decent way of life, they should have some further support. That's how we conceived the notion of a Guaranteed Annual Income System for our seniors. Now, to determine the amount of that GAINS one has to look at their own income, then add to that the OAS and the GIS and bring them up to the minimum level considered adequate. The current figure is something that Treasury has to study. Treasury determines the GAINS amount, and it is the Ministry of Revenue which administers it, as it is a form of negative income tax. It's interesting, because the first time I ever heard the term 'negative income tax' was from the lips of the Honourable John White when he was the then Chairman of the Select Committee on Taxation in the year 1968. And I remember turning to him and saying, "What in the world is 'negative income tax'?" And he said, "Well, it's flow in the opposite direction, based on that person's lack of income." Now you see, we've come a long way. It was interesting that by the time we got GAINS enacted, he was the Treasurer and I was the Minister of Revenue. We talked about it in the summer of 1968 and finally got it in place in the summer of 1974. It was put in very rapidly and very efficiently.

#### Aspects

The GAINS program really does bring to light some of the social issues which surround a program. On the one

hand is perceived a social need, but on the other, there are the economic realities involved in achieving the objectives. Making choices like these must be very difficult in public life.

*Mr. Meen*

*I suppose you're saying — you have X dollars to spend and how do you distribute those dollars for the maximum benefit to the people of Ontario?*

*The allocation of funds, really the whole budget process, and service on Management Board for that matter, is a real insight into appropriation. It's an extremely difficult thing. Every Ministry believes that it genuinely can spend all the money that we on Management Board could give it and then some. And certainly as Minister of Revenue, I could see a number of ways in which I could substantially improve the performance of the Ministry.*

*It's a unique thing about the Ministry of Revenue, if it fails to perform, then the rest of government suffers. Virtually every other Ministry is rather different. If one Ministry fails to implement certain programs, the province may suffer, but there's less money spent, and so there's more money for other ministries. But if the Ministry of Revenue fails to perform, then less money is collected. And then there's less money for the Treasurer to distribute among all the other ministries.*

*It's therefore an anachronism to consider economies and limitations in the programs in the Ministry of Revenue in the administration of taxing statutes to such an extent say, that the recovery of monies under some of those statutes is impaired. But that's exactly the kind of situation that one faces. As the Minister of Revenue, it seems to be a different task to convince the Management Board and the Treasurer, and The Policy and Priorities Board, and the Government, that you can justify spending a few more million dollars in order to collect maybe a hundred million dollars. It should not be that hard but that's the kind of problem that the Minister of Revenue faces in convincing Management Board as to the validity of its requests for certain funding.*

**Aspects**

Certainly one can draw some very useful guidelines from what you've just said. Recognizing that budgeting and its control are increasingly critical in this cost-conscious era, what are some of the more meaningful precepts you have been able to draw from your portfolio management experience?

*Mr. Meen*

*I would say this: the Province of Quebec's Ministry of Revenue, as I've been advised, is not subject to the same constraints as the other departments of The Quebec government. Now that's the only analogy to the Quebec government which I would consider to be appropriate. But they have recognized that if their Ministry of Revenue were to be put under the same spending constraints as their other ministries, it would be inhibited severely in the collection of monies. Therefore it is not subject to those constraints.*

*The government of Ontario, thus far to my knowledge anyway, has not recognized that there is that difference. And I would urge them to recognize that there is a fun-*

*damental difference between the two. I make this point very strongly and with total conviction; the Ministry of Revenue should not be subject to the same constraints.*

**Aspects**

The management of any Ministry is, to say the least, a major undertaking. Could you give us a glimpse into the life of a cabinet member and the various pressures which are exerted on him? And could you share some secrets as to how you were able to balance political and administrative demands, meeting their respective expectations with aplomb?

*Mr. Meen*

*Well, you flatter me. I'm not sure that I always met them with aplomb.*

*You have to rely on the integrity of your staff, your senior staff, on their ability and their dedication. You expect to receive good advice from them. You expect them to tell you, not what they think you want to hear, but what they believe is the right thing to tell the Minister. I must in all candor, say that I don't believe that I always received totally unqualified advice. So when you receive the best advice, you act on it and assume that it is given to you in the context of the best advice possible.*

*I think in the case of Ronto — and that's as good an illustration as any — the Ministry gave me the benefit of its advice. I relied on it, and the result was totally satisfactory as far as I'm concerned. That is a decision I made based on the information that I got from the Ministry after it had examined the facts to the degree of depth which it considered to be adequate. I relied on it to have examined those facts, and I consider that I acted correctly. The Cromarty Commission has concluded that there was no impropriety in my actions or in anyone else's actions in the Ministry either. Those are ministerial actions. . . that is The Role of The Minister — he does what is right.*

*Now you have that side of a Minister's life, and then, of course, you have his constituency side. The constituents generally are very understanding. Still, you are expected to split yourself in half and be at two places at once, frequently taking on some role on behalf of the government, either representing the government as the Minister of the Crown at some function, or being off at some Minister's conference representing your own Ministry, or doing anyone of a number of other things as the Minister, while at the same time attending local functions in the riding. You hear complaints that you're not seen as much in the riding as you should be or as you used to be as a private member. And I say, "yes, I guess so", even though I have a riding office and I do all these other things. Now you have those two sides of your activity.*

*Then, of course, you still have the side where you do enjoy the family and the cottage. You'd like to see them occasionally and those occasions get rarer and rarer. So, frankly, I'm welcoming the chance to spend more time with the family than I have in the last ten years.*

**Aspects**

Could you comment briefly on how one prepared for the House?

Being an avid radio enthusiast is one side of the Honourable Arthur Meen which has been shielded from the public.



#### Mr. Meen

Well, I suppose the first thing that one does is to read the morning papers from cover to cover quickly because the press is one of the sources for questions in the afternoon session of the House. We then dealt with the preparation of position papers. I believe all Ministries do this. Certainly in my experience, my ministries have done this. A fast look through the papers by the media people in the morning and maybe listening in on various newscasts as well, will cover the questions — any possible questions that may come up in the House, because so often the questions are based on something that has occurred and shown up in the media. So the staff will prepare position papers for you, the background material and a suggested response, if you care to use it. So that's the preparation. And the numbers of times I spent my noon hours having a sandwich and a glass of skim milk at my desk, preparatory to going to the House at two, I could not conceivably count. Out of four days in a week in which we would have a sitting, I would spend at least an hour each day, almost invariably, going over that sort of thing, reviewing the material that might well come up in the House. You may have received a question a day or so earlier in which you may have felt you didn't have a full answer, so you may have taken it as notice. You may have answered it in part and have said in response to a supplementary that you hadn't thought about that aspect of the matter, you'd take it as notice and have a reply in a few days time. So then the staff are right on top of it. There are staff members generally under the gallery or in

the House or in the East Lobby monitoring any event closely. They'll have made note of it with a copy of instant answer. By the time you get back to the office at 3:30 or so after the question period, they've already started the preparation of the response. It's really remarkable how quickly they act. I was quite impressed with that area of activity in both ministeries.

#### Aspects

Now that you can take a detached look, what do you see as some of the major issues which await resolution?

#### Mr. Meen

Well, perhaps my view is rather narrow. It may broaden as I am able to step back somewhat further from the scene. First, I see the question of market value assessment and the need to bring some kind of order out of the chaotic situation that presently exists. I'd like to see it addressed this year for 1978. The government cannot afford to have this go on any longer. I don't suppose it's equivalent to a time bomb but, it is a matter that's just getting more and more urgent. I would think that we may see some problems in the courts with maybe a rash of appeals potentially being allowed. If we don't bring some order in this chaotic thing, the courts are going to do it for us. That won't be good because they'd be doing each case in isolation. So the whole thing will be like a house of cards unless something is done. It may have to happen that way before it will be sufficiently perceived by the public that it has to be remedied. □

## How your property taxes are determined.

RONALD B. HOPPER,  
Director of Research and Appraisal,  
Picken and Mason Limited.

We wish to express our appreciation to the Toronto Real Estate Board for granting *Aspects* permission to reprint this article. [Ed.]

This year property taxes will be increasing anywhere from 11% to 19.5% depending on your Borough. The Borough of North York will see the greatest jump in taxes and the Borough of York holds the distinction of having the highest mill rate. The average increase in taxes will be approximately 15%.

The average \$65,000. home will pay taxes in the neighbourhood of \$800. For the home owner, this figure represents an outlay from his net income. In other words, the home owner must first earn, say \$1,200. and then pay federal and provincial income tax prior to paying his \$800. municipal tax.

Considering the amount of money involved, it is amazing that the average home owner cannot tell you how the property tax is arrived at, and more important, whether or not he is being fairly taxed.

The Blair Commission summed it up as follows: "It is therefore surprising that upon examination, so little is understood by so many in respect of a burden that falls upon all . . ."

### Basic Misunderstanding

The basic misunderstanding relates to the calculation of the mill rate. The following represents a simplified example:

Assume a municipality has an annual budget (need) of \$8.00. There are only 4 houses in this town assessed at \$1.00 each for a total of \$4.00. The town now has to calculate its mill rate. (A mill is equal to 1/10th of 1%) What factor multiplied by 4 will equal 8? (4 X ? = 8) or (assessment X mill rate = budget). By dividing the total assessment into the town's annual budget, a mill rate of 2 is produced.

### Adding A Subway

The following year the town decides to put a subway in. This extra expenditure will cost the municipality a further \$8.00. Combined with the previous budget need of \$8.00, the new budget is now \$16.00. Since the total assessment is still \$4.00 (\$1.00 per house), the mill rate will have to be increased to 4 (\$4.00 X 4 = \$16.00).

This illustrates exactly what has happened in Metropolitan Toronto. The assessments on properties have not changed since the 1950's and therefore each year, as municipal costs increase, so does the mill rate.

### Market Value Assessment

A general confusion exists in the assumption that market value assessment will increase taxes. Suppose each of the 4 houses in our example town assessed at \$1.00 each had a market value of \$2.00 each. If market value assessment is introduced, the town's total assessment is now \$8.00 instead of \$4.00. The budget for the town remains at \$16.00. The equation required to calculate the mill rate now looks like this (8 X ? = 16) or (assessment X mill rate = budget). Lo and behold, the mill rate is reduced from 4 to 2. The taxes on each property remain the same.

Simply put, this is how your mill rate and resulting taxes are calculated. There is still the question, however, of whether or not you are fairly taxed.

Earlier we mentioned that assessments have not changed in Metropolitan Toronto since the mid 1950's. This is why the assessed value of your \$65,000.00 house is only, say, 5,200.

As shown in our example, when the assessments remain low, the mill rate has to increase to offset any increase in taxes. But what if an error has been made in calculating your assessment? As a property owner, it is very difficult for you to determine whether 5,200 represent a fair assessment.

## High Mill Rates

In this situation, the equation can work against the taxpayer. Since the assessments are low, the mill rates must be high. Any error in the assessment multiplied by the mill rate is therefore compounded into an even greater tax error.

For purposes of example, we will use North York's residential mill rate. Presently, the assessment on residential properties in North York ranges from 8% to 12% of their market value. At first glance, it appears that taxes would therefore range 4% either way on properties of equal value. This is not the case. The equation in this situation works against the taxpayer.

### Mr. Brown, Mr. Smith

Mr. Brown and Mr. Smith each own houses worth \$80,000. Mr. Brown's house is assessed at 6,400. This represents 8% of its market value of \$80,000. Mr. Smith's house, however, is assessed at the high end of the range, i.e. 12% of its \$80,000.00 market value, of 9,600. The following chart will illustrate how the slight error in assessment percentage results in a large tax imbalance.<sup>1</sup>

Mr. Smith in this example is paying \$461.00 more in taxes than his neighbour who owns a house of equal value. He is not aware that he is being overtaxed and furthermore, would require professional assistance to prove it.

In a nutshell, the above represents the existing property tax situation in Metropolitan Toronto. It is rife with errors which compound themselves into large tax imbalances.

### Province Sets Assessments

The Province has assumed the responsibility of setting assessments. It has been hoping to introduce market value assessment since 1974. Using our example of Mr. Brown and Mr. Smith, we can determine the effect of market value assessment.

The total taxes paid by both individuals was \$2,309.00. The new assessment will be at market value, i.e. \$80,000.00 each for a total of \$160,000.00. The new mill rate will therefore be: \$2,309.00 divided by \$160,000.00 = 14.43 mills (equation-taxes divided by assessment = mill rate).<sup>2</sup>

In order for Mr. Smith to be overtaxed by \$460.00 as he was under the old system, the assessment on his \$80,000.00 house would have to be 112,000. However, Mr. Smith is no doubt aware of the market value of his

house and could successfully appeal his high assessment without requiring professional help and resulting expense.

Technically, market value assessment will reverse the equation so that errors in assessment will not be compounded into larger errors in taxes. As well, it will be a more comprehensible system that average home owners will understand.

## Politics, Politics

Why then haven't we introduced market value assessment? The answer lies with Mr. Brown. Mr. Brown has been paying a lower share of taxes at the expense of Mr. Smith for a number of years. Market value reassessment will result in a shift and increase Mr. Brown's taxes by \$230.00. Mr. Brown will be upset and will angrily phone the mayor of his town. The mayor will say that it is the Province's fault. We have a minority government. □

### NOTES

#### Note 1

	House Value	Assessment	North York 1977 Mill Rate	Taxes
Mr. Brown	\$80,000.00	( 8%) 6,400	114.32 mills*	\$ 924.00
Mr. Smith	\$80,000.00	(12%) 9,600	114.32 mills*	\$1,385.00
Total taxes				\$2,309.00

#### Note 2

	House Value	Assessment	Mill Rate	Taxes
Mr. Brown	\$80,000.00	80,000 X 14.43 mills		\$1,154.50
Mr. Smith	\$80,000.00	80,000 X 14.43 mills		\$1,154.50
Total taxes				\$2,309.00

# DATA BASE

## IN MEMORY OF MR. R. J. GUINN

We are saddened by the death of Reginald J. Guinn, Regional Commissioner in the North York Assessment Office.

Reg commenced his assessment career in the City of Toronto office in 1944. After ably discharging a number of increasing responsibilities, Reg was appointed assessment commissioner in North York upon Provincial takeover in 1970.

His wise counsel and insights will be greatly missed by those who worked with him.

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## MANAGEMENT CHANGES

Several management changes have taken place in a number of Regional Offices. A.F. (Woody) Thompson, formerly commissioner in the Hamilton-Wentworth office is now the commissioner in the Toronto Office. John Hall is now commissioner in North York and Morley Parfeniuk has moved from the commissioner's job in Brant-Haldimand-Norfolk Region to the Hamilton-Wentworth Office.

A number of newly appointed managers also has been named. They are: John McKenna, Barrie; Robert Price, Brantford; Gerald Morgan, Goderich; Joe Schebesch, Guelph; Jim Philp, Hamilton; Gerry Dejong, Richard Humphrey and Bill Thompson, Mississauga; Harry Fletcher and Doug Hillman, Ottawa; Fraser Wilson, Owen Sound; Bob Cushing and Gary Rouse, St. Catharines; Brian Moore, Timmins; and Lawrence Reaume and Bob Speroni, Windsor.

Congratulations gentlemen! *Aspects* wishes you well in your new positions.

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## FREEDOM OF INFORMATION AND INDIVIDUAL PRIVACY

The Provincial Government established on March 30, 1977, The Commission on Freedom of Information and Individual Privacy which will be holding public hearings throughout the province. Membership on the Commission consists of the Chairman, Dr. D. Carlton Williams, past president of the University of Western Ontario; the Commissioners, Mrs. D. Burgoyne, newspaper owner from St. Catharines, Ontario and Mr. G. H. U. Bayly, past Deputy Minister of Lands and Forests, past Secretary of Treasury Board of Cabinet, past Deputy Provincial Secretary for Resource Development; Council, Mr. W. R. Poole, Q.C., senior partner in a London Ontario law firm; and Special Advisor, Mr. J.C. McClure, ex-Chief Justice of Ontario, past Chairman of the Civil Rights Commission.

Among the topics that the Commission will be investigating are: public information practices of other jurisdictions; the individual's right of access and appeal in relation to the use of Government information; the categories of Government information which should be treated as confidential in order to protect the public interest; the effectiveness of present procedure for the dissemination of Government information to the public; and the protection of individual privacy and the right of recourse in regard to the use of Government records.

The schedule of hearings for 1977 is as follows: October 11 — 13, Toronto; October 18, Kitchener; October 25, London; November 2, Hamilton; November 21 — 22, Ottawa; November 23 — 24, Kingston; November 29 — 30, Windsor. Although a date has yet to be set, hearings will resume in Toronto early in 1978.

The Commission was not charged with a report date when it was created and their secretary believes that it will be two years or more before a report is finalized.

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## RELOCATION IN OSHAWA

The relocation of the Ministry of Revenue's Head Office to Oshawa is in the initial planning stages. Mrs. Lyn McCordic, Project Manager for the move, is currently discussing aspects of the change with those employees (some 900 of them) likely to be involved with the relocation. It is estimated that the move will take place in the early part of 1981. The Honourable Margaret Scrivener, Minister of Revenue, has confirmed that the Durham Regional Assessment Office will remain in its present Whitby location.

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## METRIC CONVERSION — INTERNAL TRAINING

It is the Ontario Government's policy that each Ministry is responsible for its own metric conversion program and this includes training. The Ministry of Revenue must instruct its staff in the usage of metric units of measurement so that they may perform their daily functions with ease and accuracy as conversion is implemented.

In order to facilitate the conversion process, the Ministerial Metric Committee, with Mr. Conrad D'Souza as chairman, was established. There are four Division Representatives on this Committee: Mr. R.D. Thompson (Assessment Division), Mr. G.W. Ryan (Revenue Division), Mr. A.L. Schatz (Support Services Division), and Mr. M.K. McCutcheon (Province of Ontario Savings Office).

There is another metric committee, called the Interministerial Metric Committee, which co-ordinates the progress of all the Ministries. This Ministry's representative is Mr. Conrad D'Souza. Various sub-committees report to the Interministerial Metric Committee, including the Sub-committee for Internal Training Co-ordination. Ms. Beverly Gibson (Assessment Standards Branch) and Mr. Mike Morrison (Personnel Services Branch) are our Ministry's representatives on this sub-committee.

Ms. Gibson and Mr. Morrison have been investigating the training needs of the Ministry of Revenue and the training materials available. They are working with the Division Representatives to prepare a training program to provide instruction for trainers from each Branch. The instructors' course will be given in Toronto within the next six months. It will be the responsibility of these instructors to plan and conduct further detailed training for the rest of their respective Branches at the appropriate time.

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### O.C.A.P. — AN OVERWHELMING SUCCESS

The Ontario Career Action Program (O.C.A.P.), which places unemployed young people in training positions designed to provide them with the meaningful work experience necessary for securing their first regular job, has halted further placement of candidates, due to budgetary restrictions.

The support for the program from Ontario Government Ministries has been outstanding. In fact, the demand far exceeded the limitations of the O.C.A.P. budget! In order to offer the trainees the maximum length of training, O.C.A.P. initiated a major recruitment drive in August and September. This action was taken, with the objective of providing the maximum 26 week training period for the largest number of young people.

O.C.A.P. looks forward to initiating the program again in the next fiscal year.

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### REVENUE LIBRARY

The collection of the Ministry of Revenue library consists of books, periodicals and reference material covering most aspects of taxation and property assessment, public finance, legislation, government and business administration, management techniques, staff development and other related areas and a special collection developed in conjunction with the Equal Opportunity Program.

The Library is located on the 17th floor, 77 Bloor Street West, and serves Ministry staff throughout the province. Staff from area offices can request material by memo or by telephone; these will then be sent out to the offices as requested. They are also welcome to visit the library during trips to Toronto.

A new acquisitions list is compiled monthly. The "What, When, Where" lists conferences, seminars and courses of interest to Ministry staff. Bibliographies listing library holdings as specific subjects are prepared periodically. Titles currently available are taxation, public finance, assessment, performance appraisal, the metric system, office layout and management.

For additional information or assistance contact the librarian at 965-3892.

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### MIXED USE COMPLEXES

In January 1977, as a result of the Manulife decision, a Task Force on Mixed-Use Properties was appointed by Mr. J. Lettner. Headed up by Mr. Reg Bailey the Task Force included staff from Assessment Field Operations, Assessment Standards and the North York, Toronto and Halton-Peel Regional Offices. The terms of reference of the Task Force were to examine and develop methods for valuing mixed-use complexes and to lend assistance in the preparation for court appeals where necessary. The Task Force has produced a set of procedural guidelines for valuation of mixed-use properties. These guidelines are now being circulated to members of other Task Forces and managers of regional offices having properties of this type, for their comments and suggestions.

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### LINCOLN INSTITUTE OF LAND POLICY

On September 28 — 30, 1977 a colloquium on Computer-Assisted Mass Appraisal of Commercial Industrial Properties was held in Cambridge, Massachusetts. At this seminar, sponsored by the prestigious Lincoln Institute of Land Policy, ten papers were presented to an audience of 25 concerned individuals from the mass appraisal field. Among these papers, soon to be published by the Institute, was one prepared by the Income Group of the Technical Research Section of the Standards Branch to summarize results of research being conducted in support of court appeals related to office buildings, shopping centres, hotels, apartments, industrial and mixed-use developments. Anyone interested in receiving a copy of the above paper can receive one by writing to the Standards Branch care of the Income Group. □

## The Canadian Home Insulation Program A grant that makes dollars and sense

W. Friday

Should we insulate our homes? This is a question that is being increasingly asked in the energy-conscious seventies, and the answer for most people is a resounding yes.<sup>1</sup> Improving the insulation of our homes is a major contribution towards reducing Canada's energy requirements. Heating costs are rising as supplies dwindle. There have been many doomsday predictions as to when we will run out of oil and gas, many of them contradictory, but it is a fact that our resources are finite while our demands are growing. Therefore, we are becoming more and more dependant on foreign suppliers—certainly not a comforting fact.

Consider the figures. Fully 15% of Canada's annual energy consumption goes towards heating our homes. It has been projected by the federal government that over the next ten years our energy costs per homeowner could triple. What can we do to slow down this increase? Well, if every Canadian cut back his consumption by 10%, this could result in a 2% decrease in the nation's total energy use. We could place automatic thermostat controls on our furnaces which would turn them down when the house is empty or at night when we are asleep, and would turn the furnace back up when we need the heat. By turning our thermostats down from 22-C (72-F) to 20-C (68-F) during the day, and down to 18-C (63-F) at night, we could save 15% of our heating bill. If we accept that the average annual heating bill is \$500, then we will save \$75 a year by this one measure alone. And, according to federal government calculations, if we invest an estimated \$880 in home insulation (doing the work ourselves), every homeowner would save a further one-third of his annual bill. Although such an investment may at first seem prohibitively expensive, it could be recovered in less than five years by savings in energy consumption. And it would save us all nearly \$1 billion worth of imported oil every year.

To encourage Canadians to insulate their homes, the federal government has implemented the Canadian Home Insulation Program.<sup>2</sup> Having begun on September 1, 1977, it will run for seven years and will eventually include all homes in Canada except those in Prince Edward Island and Nova Scotia.<sup>3</sup> Dwellings which are eligible include: single homes, semi-detached or row housing units, apartments of three storeys or

less, and hostel units owned and operated by a non-profit organization, government agency or post-secondary institution. All tenure types (i.e., owners, landlords and tenants) are eligible for assistance. For an individual property owner, the grant applies to a principal residence. Vacation homes are not eligible. However, a person may claim the grant both for his principal residence and for another house which he owns and rents out on a permanent basis.

There is an important stipulation that to qualify, houses in Ontario, Quebec, New Brunswick, Manitoba and Saskatchewan must have been built before 1921 to be eligible now. Eventually all houses in these provinces will be included, but there is no previously determined schedule for their inclusion. The program's officials say that this will depend on the popularity of the project. Houses in Newfoundland, Alberta, British Columbia, the Yukon and Northwest Territories must have been built before 1941 to take part now.

### The effects on Regional Assessment Offices

This proviso that Ontario dwellings must have been built prior to 1921 in order to qualify for the grants has resulted in some regional assessment offices being besieged by as many as 35 calls a day from people anxious to ascertain the exact age of their houses. There has been an interesting disparity as to the number of requests that different regional offices have been receiving. Some areas, such as Sault Ste. Marie, Pembroke and Cornwall, have received only a very few inquiries. Other regional offices, such as those in York and Timmins, have had 50 to 70 requests since the program was first advertised in Ontario newspapers (around the second week of September). The Toronto office has had 112 requests between September 13 and October 17, but in the same period the Barrie office has had nearly 400 demands. Windsor receives 25 to 30 inquiries a day and Ottawa at one time had even more than that, although lately the demand has slackened considerably. The Goderich office ran up a \$300 phone bill in September on its toll-free Zenith number while handling people's requests. They have had more than 300 inquiries since the program's inception.

Those offices which are being beset by calls are naturally finding it a burden at times, but virtually every office has worked out a system whereby one person fields the requests, finds out the age of the dwelling, and replies either verbally or in writing to the inquirer. The regional assessment offices are the only recourse of homeowners trying to discover the age of their dwellings, and each office realizes that only they can provide the necessary information. Many offices—Goderich for example—mentioned that they consider it a good public relations exercise to do the job with expedition and courtesy.

### Provisions of the program

The insulation program will pay 2/3 of the cost of insulation materials, but not labour costs, up to a maximum of \$350 for detached, semi-detached and row housing units. Apartment buildings of three storeys or less containing six units or less will receive up to \$200 per unit; the grant is \$150 per unit for apartment buildings of three storeys or less having more than six units. Hostel units will receive up to \$70 per bedroom (not per bed).

Each dwelling is eligible for only one grant under the program. Thus, it is in the recipient's interest to buy at least \$525 worth of insulation (in the case of the owner of a detached house) in order to receive the full \$350 grant. This grant is taxable in the year in which it is paid; for married couples, the spouse having the higher income will have to declare the grant as income regardless of whether he or she was the applicant. Landlords are to declare grants as income.

The insulation materials must have been bought after September 1, 1977 in order to be eligible for the grant. They must also be CMHC approved. Such materials include mineral wool, cellulose fibre, expanded mica, lightweight cellular plastic and urea formaldehyde foam.<sup>4</sup>

The program is aimed mainly to help people to insulate their attics, exterior walls, basements and floors over unheated spaces. One major drawback of the federal plan is that it makes no provision for the addition of storm windows or for the costs incurred in caulking or weather-stripping around windows and doors (although they do suggest that such improvements make good sense). And yet, single pane windows and draughty window and door frames are a major source of heat loss in our homes. Another weakness of the program is that other energy conservation measures, such as the installation of automatic thermostat controls, are not encouraged.

Despite these shortcomings, the Canadian Home Insulation Program is a much-needed and timely aid to the average homeowner. If it encourages people to save on their consumption of our precious energy and to become more energy-conscious, it will certainly be well worth the funds expended on it. And it also provides our regional assessment offices with a chance to strengthen their public relations. □

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### NOTES

<sup>1</sup> I am generally indebted to the federal government's information kit for much of my information. It can be obtained by writing to P.O. Box 700, St. Laurent Postal Station, Montreal, Quebec, H4L 5A8, or by phoning 341-1511 (collect).

<sup>2</sup> The Ontario government had also planned to unveil its own insulation program this fall, but it has been cancelled because of a lack of funds.

<sup>3</sup> Both provinces already have their own federally funded insulation programs.

<sup>4</sup> There is an extensive list included in the program's literature listing the specific brand names and their CMHC acceptance number.

## What's New . . . in Case Law

The following is an index by section of The Assessment Act of the most recent cases which have been sent to all Regional Offices for the period of May to August.

Full Case Texts have been sent to all Commissioners and this list is for reference only. [Ed.]

### Sec. 1(K) (IV) Real Property, Definition of

Keywords: Fixtures

*Lyons*, Rodney John and the Corporation of the Town of Meaford and The Regional Assessment Commissioner, Region #25. (H.C.J. Div. Ct. Dec./76).

### Sec. 3 para 5 Exemptions

Keywords: Camp, Summer  
*Young Men's Christian Association* of St. Catharines and the Regional Assessment Commissioner, Region #17 Muskoka (H.C.J. Mar./77).

### Sec. 7(1) (c) Business Assessment

Keywords: Retail Chain

*Xerox* of Canada Ltd. and the Regional Assessment Commissioner, Region #21. (A.R.C. Apr./77).

### Sec. 7 (7) Business Assessment

Keywords: Liability to occupying and using

*Saga Canadian Management Services* Ltd. and The Corporation of the City of Ottawa, and the Assessment Commissioner, Region #3. (H.C.J. May/77).

### Sec. 7 (7) Business Assessment Keywords: Preponderating Business

*Xerox* of Canada Ltd. and the Regional Assessment Commissioner, Region #21 (A.R.C. Apr/77).

### Sec. 27 (2) Market Value, Interpretation of

Keywords: Highest and Best Use  
Sale Price

*Leamington* Distributors Ltd. and the Regional Assessment Commissioner, Region #11 and the Corporation of the Town of Leamington.

### Sec. 64 (2) Vicinity, Definition of *Young Men's Christian Association* of St. Catharines and the Regional Assessment Commissioner Region #17 (H.C.J. Mar/77).

### Sec. 65 (1)

Keywords: Appeal Procedure  
Jurisdiction

*Canteen* of Canada Limited and the Regional Assessment Commissioner, Region #19 and the Corporation of the City of Hamilton (O.M.B. Aug/77).

*Christ is the Answer* Inc. and the Regional Assessment Commissioner, Region #9 and the Corporation of the City of Toronto (O.M.B. Aug/77), interim dec.

The Regional Assessment Commissioner, Region #21 and the *Canadian National Railway* Company (C. Ct. June/77).

J.P. Simpson, Acting Commissioner, and the Corporation of the Town of Niagara-on-the-Lake and Donald *Ziraldo* (C.J. July/77).

*Tamarack* Marsh Ltd. and the Regional Assessment Commissioner, Region #7 and the Township of Mariposa (A.R.C. April/77).

### Sec. 90 Similar Real Property

Keywords: Market Value,  
Interpretation of  
Sale Price  
Residential Valuation

*Bryenton*, Edwin M. and the Regional Assessment Commissioner Region #18, and the Corp. of the City of Welland M76196 (O.M.B. May/77).

Keywords: Similar/Vicinity  
Similar, def. of

*City of Brampton v. Imperial Oil* Ltd. et al (O.M.B. Oct/76) 6 O.M.B.R. 205.

Keywords: Similar/Vicinity  
Vicinity, Def. of

### Sec. 90 (1)

Keywords: Similar Vicinity  
Com. Prop.

The *Continental* Insurance Company and the National Life Assurance Company and the Regional Assessment Commissioner, Region #9 and the Corporation of the City of Toronto (O.M.B. July/77). □

## SOME MUNICIPAL REACTION TO TAX REFORM

Recently *Aspects* interviewed prominent municipal officials in Kingston and Toronto to discover their reactions to some of the proposals of the Blair Commission on property tax reform. Recommendations such as the move to market value assessment, the abolition of current exemptions, a uniform business levy and others would alter assessment bases and, with these, provincial transfer payments to municipalities. Municipal acceptance or rejection of these reforms will have much to do with the success of any program that the Ontario government will implement.

Kingston is unique in that it has the highest percentage of exempt properties (36%) of any Ontario municipality. It stands to gain if all properties are assessed and taxed at market value. The Kingston officials interviewed include the Mayor, Mr. K. Keyes; Mr. T.J. McKibbon, the Chief Administrative Officer and Mr. B.G. Cousins, the Treasurer.

*Aspects* also interviewed Mrs. Irene Mooney, who served as a member of the Blair Commission, for her own reassessment of the issues; and Mr. George Speal, the immediate past Mayor of Kingston.

Toronto's size makes it a mini-province in itself. Arthur Eggleton, Toronto's Budget Chief, and Dale Richmond, The Director of Economic and Policy Research, both offered their opinions on the potential impact of property tax reform in Metro Toronto.



△ Mr. George Speal gestures to stress his concern for maintaining the quality of life within the framework of local government financing.

### Aspects

What are your general reactions to the Blair Commission Report?

### *Mr. Eggleton*

*Well, the Blair Commission simply ended up recommending much of what was recommended by the Treasurer, Darcy McKeough in his budget speech a couple of years ago. I'm still very concerned about some aspects of the recommendations. If what we're getting is reform, then fine-reform meaning improvement. But in some cases I think that the recommendations may do more harm than good and that we might be jeopardizing the social fabric of our community, so I'm very concerned about that.*



△ Mrs. Irene Mooney was very concerned that tax reform should not hurt "the ordinary little fellow".

#### Mr. Richmond

*I was fairly pleased with the Blair Commission Report itself because it supported the Fifteen Proposals that were originally published in the Ontario Budget in 1976. I think the disappointing thing about the Blair Commission Report was its condescending attitude towards municipalities and its assumption that they would act in an irresponsible fashion if given leeway in certain areas.*

*There are suggestions that the government apply expenditure guidelines to our local bodies in order to insure that changes are controlled. There are three or four recommendations in there of that nature. For example one is the ability to use separate tax bills for education and the local government. It is funny because although they talk about local autonomy and the need to preserve it, there seemed to be very little recognition of it and I thought there seemed to be some mistrust of the local politician.*

#### Mrs. Mooney

*I'll be very happy if the government implements property tax reform in the way that it has been recommended by the Commission. Then the "little man" will be getting a break in his Income Tax through the property tax credit. But unless it is implemented in that way, it's going to be, as far as I'm concerned, and awful waste of our time, effort and money.*

#### Aspects

Have the municipalities been able to assess the financial impacts and offer alternative recommendations?

#### Mr. Eggleton

*The greatest unknown in dealing with the Blair Commission report is to determine the detailed findings in relation to market value assessment. This information has not been made available to the municipalities, so we really don't know what the impact is going to be. We did some assessments based on market value, and we made some calculations that show that it's quite possible for there to be very wide variations in increases and decreases in property tax for many individual properties in the city of Toronto, and that is of great concern to us. If the information is not something that's frightening, then why can't it be provided? If there are problems, then we'd like to make some constructive suggestions as to how to resolve them. But we're only dealing theoretically when we make our submissions to the province because we don't have the precise information on which to make a proper judgement.*

#### Mr. McKibbon:

*We are hoping that information will be made available very soon so that the people can understand what taxes they will be faced with under the new system and also have them explained; otherwise there could be real headaches with appeals.*

#### Aspects

Mayor Keyes, are you disappointed that the Ontario Tax Reform has not been implemented as yet, particularly in view of the fact that Proposal Number 7, which deals with the removal of tax exempt status, would be beneficial to cities like Kingston which have a preponderance of this type of property?

#### Mayor Keyes

*Yes, we are disappointed because we have pushed for many years to have the government pay full taxes on all the property that they have in the city of Kingston. We have the highest rate of tax exempt properties — 36% — in the entire province. So anything that will hasten the day when the full property tax will be paid on government institutions is one that we will welcome. It's unfortunate that it has not, but that's the kind of thing we're beginning to accept.*

#### Aspects

Do you think it could be argued that even though Kingston is not getting its fair share of revenues from tax exempt properties, you are still deriving compensating cultural and economic benefits from them?

#### Mayor Keyes

*One of the reasons that we don't get too upset about some of the tax exempt properties is because of the secondary benefits we receive from them. Each of these institutions employs highly skilled people who have a great effect upon our community. They are partially responsible for the success enjoyed by our symphony orchestra, our*



△ Mr. George Speal was emphatic on exemptions, especially their enriching effects on municipal life.

arts, and our theatre groups. They also have a great effect on secondary and service industries. So there are great benefits — secondary benefits — that you just can't overlook which the tax exempt properties bring in to improve the quality of life.

#### Mr. Speal

Would you agree, then, that it would be fair to exempt General Motors from property taxation for ten years if they would come into Kingston and employ 2,000 people? You are suggesting that it is good to have a university and that we should not charge them taxes because of the benefits we derive. But I would get equal benefit if General Motors came in here with their 2,000 jobs, yet I wouldn't be allowed to exempt them from their property taxes. Why, then, should there be any exempt properties? A university needs police protection, it needs fire protection, why should some old lady who has worked all her life, who owns her own home, who is just minding her own business, have to pay taxes for Queen's University or General Motors or anyone else? Why not make this lady tax exempt?

People who are in business, who can charge a little bit more, can pay a little more in taxes. You mention the benefits that the community gets from these tax exempt properties. We get more benefit from the people who are living here. Sure there is no question about the advantages of having hospitals and a university. But that is

not an argument for or against taxation. If you say that the only source of revenue for this municipality is the land tax, then surely everybody should pay.

#### Aspects

Mr. Speal, if the Ontario Tax Reform is implemented, what benefits will Kingston gain?

#### Mr. Speal

As far as the community of Kingston is concerned there is a slight advantage, I use the word slight, in going to market value assessment. All along we've been planning along the basis that it would mean some two million dollars more in tax revenue, an increase of approximately twenty percent. But when one goes into this thing further, one sees that after the grant structure is altered, the net difference will be only two hundred thousand dollars to the good. Although we will get two million dollars from taxes, our grants will be shut off at the Board of Education level and we are going to have to make that up. So all of this results in a net gain to us of two hundred thousand dollars.

#### Aspects

Mr. Richmond, do you think there should be any property exempt from taxation?

#### Mr. Richmond

There should be no exemptions. As far as we are concerned, there is absolutely no need for the proposed tripartite Exemption Review Committee to look into what should be exempted and who should bear the cost of the exemption. There should be no rough edges for anything to grow on. You only get a kick at the cat on something as fundamental as this reform once every twenty, thirty, forty years. And it's been twenty years since the original concept came out. There have been ten years of talks on implementation procedures since the government decided what it should do. So we're very concerned and we know that the opportunity won't come again very quickly. That's why we'd like to see everything assessed and taxed including churches, charitable organizations, municipal institutions, etc.

#### Aspects

Should churches be exempt from taxation?

#### Mr. Richmond

Our position is that they should be assessed. If it's a bona fide church and they want some relief from tax payment, not the assessments and ask for it, then it should automatically be granted to them. But we should have a recovery provision, to tax them if the use changes.

#### Mr. Speal

My philosophy is that all properties should be taxed with the exception of churches. For better or for worse, our society is based on Christian beliefs and I don't think that we should hide this. For that reason, because we are a Christian society, I'm prepared to say that one of the recognitions we as a society have is to provide free access

*to places of worship without having them pay for the burdens of maintaining that society. I don't think that congregations would be able to live, to exist, if you charged them taxes. I don't think that Christianity is meant only for the rich.*

#### **Mrs. Mooney**

*I don't think that churches should be exempt from taxes. The people who belong to a given church have made a voluntary social choice to belong. And for that reason the community at large should not support that particular individual's choice to belong to that church.*

#### **Aspects**

And what about golf courses?

#### **Mr. Richmond**

*In the case of golf courses and recreation land we go along with what Blair said, which was basically allowing some relief and with a provision again for recovery.*

#### **Mrs. Mooney**

*I feel that golf courses should be taxed. They are not residential property and I don't care what anyone says, it's only a rich man's game, and the little guy who's struggling to get along should not have to contribute to it. If people want to play golf, no one's saying close up the golf courses. They are entitled to play golf all they want, but they should pay for it. One night's bar fees should pay their extra fees.*

*The only reason I went along with the golf course recommendation was that as long as it stays a golf course, fine, but if it is sold for any other use, then the back taxes, based on the value assessment, would have to be paid.*

#### **Aspects**

How do you feel about the farm proposal?

#### **Mrs. Mooney**

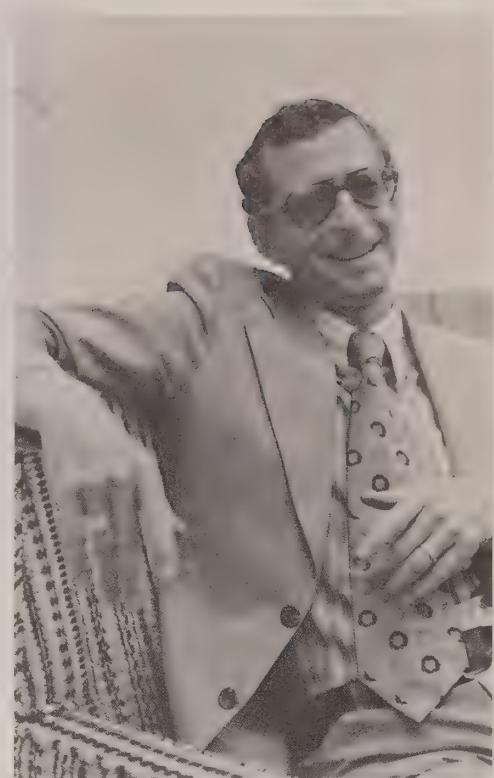
*The farmers now are getting their taxes paid for them. They are getting it through the back door and don't want the public to know it, but with the farm proposal, at least the public will know where its money is going. The farmers are trying to say now that they're going to be taxed out of their property. My understanding is that as long as it stays a farm, they could sell it to a dozen farmers and it would not be taxed. But the minute they change the land's use, that's when the back taxes would have to be paid and I think that is very fair. But those millionaire farmers in the Metro vicinity who did all the screaming want to have their cake and to eat it too.*

#### **Aspects**

Do you agree that the recommendation of phasing in tax reform was justified?

#### **Mrs. Mooney**

*Yes, you have to have a phase in, because if you don't the ordinary little fellow, such as myself, would get a*



△ Dale Richmond was satisfied with the Blair Commission Report except the implementation of market value assessment.

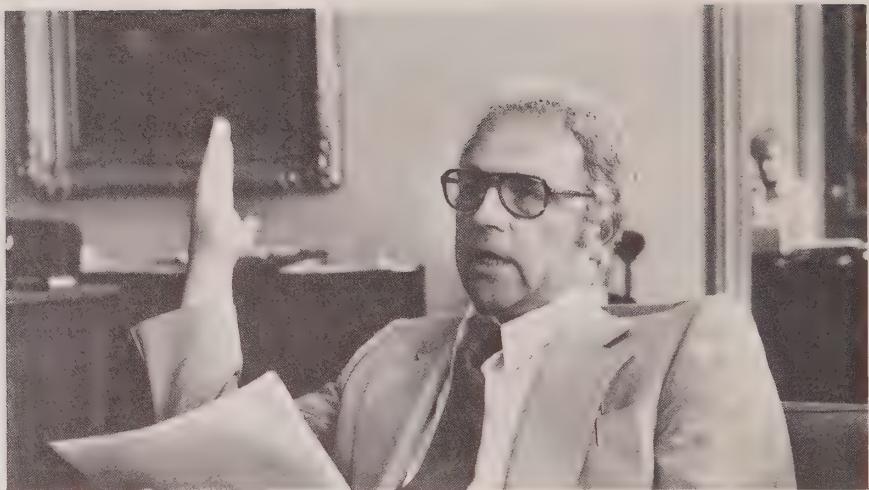
*great big slap all at once which would be an awful hardship. But if it's phased in over a period of five years and broken down, it certainly will not have the same impact.*

#### **Mr. Richmond**

*I think that we should watch the phasing in very carefully and make sure that it does not increase the length of time that the pain has to occur. But one thing that really bothers me — when it's obvious that some people should have been taxed more, it means that other people have been taxed too much. And if you phase it in over five years, the people who should have been given relief are not given relief until the end of the five years even though they have been paying too much in the past ten years. So I have some sympathy with the need to phase in, but very little. I think that for every guy who will complain about being hit on the head, you have another guy coming forward and saying, "Well look, I've been paying too much all along, and it's time you pulled your load."*

#### **Mr. Eggleton**

*The proposal that they phase in tax reform may be helpful if they phase it in over five years, but if people are going to have their taxes going up about 50% or so, then even over five years it's difficult to take, and at the end of the five year period they're going to find it very difficult to keep their homes in some cases. However, we don't have the information which we need to make an informed judgement on the matter to the province.*



▷ Mr. B. G. Cousens is prophetic in saying, ". . . in the older part of our city there's no question that small increases are actually going to hurt".

### Aspects

Mr. Richmond, do you think we should go into a single mill rate structure?

Mr. Richmond

Yes, I think that there should definitely be a single mill rate. Otherwise it just adds to the confusion. In terms of the reform of property taxation, there are fundamental things you have to do to the system. But even going to market value is not going to change the revenue required — the money we require will be the same. The burden will shift supposedly more equitably among the people who have to pay the taxes. But there will be no other big structural changes within the system. And anything you could do to simplify it from then on, the better it is. So I think that you should try to get rid of the split mill rate.

### Aspects

Are there going to be any groups especially hurt by property tax reform?

Mayor Keyes

I do have my concerns about how the tax burden is going to be divided and I have concerns at the moment that there are going to be more people hurt in the residential sector of our municipality, hurt by the increased taxes as opposed to the tax levy on business. That's only my own personal view although I'm sure that Mr. Cousens has the technical data on that issue.

Mr. Cousens

Yes, I'm afraid that in the older part of our city there's no question that small increases are actually going to hurt. From the study that we did we felt that all residential taxes would be increased, but here again that was based on the assumption that we would lose a great portion of two general support resources. However, the province hasn't really clarified this up to now. They give us substantial grants in that area but our commercial property has been carrying perhaps an unfair portion of the tax, although they in turn get their monies to pay their

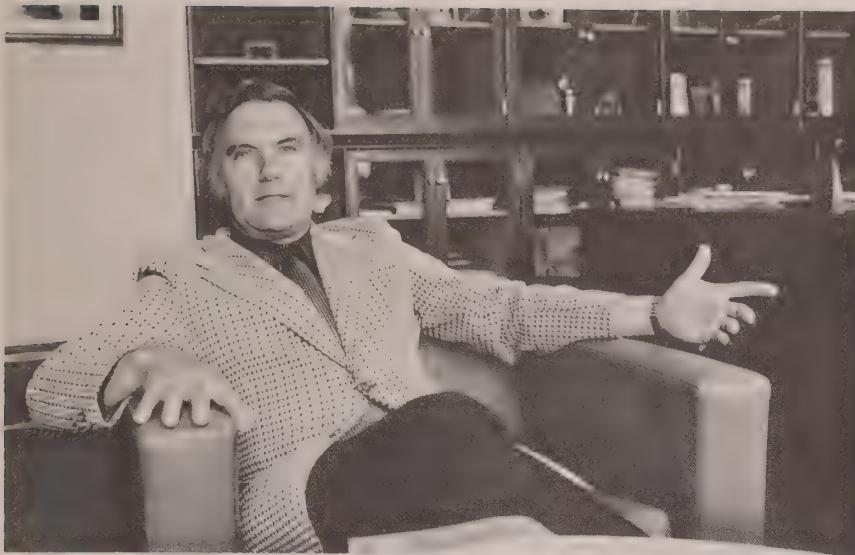
taxes through the citizenry who make the purchases. The person who makes a good salary can afford to make more purchases and so he helps pay their taxes a bit more. In essence, it comes back more on the income side — the greater your income, the greater your purchases, the greater you contribute to the businessman's tax, whether it's his business tax or his property tax. But it's the little person in his own home who's going to get hit the hardest.

Mrs. Mooney

In the city of Kingston, where there is a unique situation with the universities, the hospitals, and all the places which are tax exempt, it's the homeowner who bears the brunt of the burden. And if they bring market value in, and if you bring the older houses up to market value, there is no way that these people are going to be able to stay in their own homes. This was where my concern came in, to be sure that these people did not lose their homes. I am concerned about the residential properties and especially about people on low incomes. If the formula that was established for the property tax credit is implemented the way it was recommended, then it will benefit them. They want to stay in their own homes; they don't want to have to sell. Oh sure, they will be told, "Sell, you can get a lot of money for your house." But that's not the point; we have to remember that people are human beings and respect them as such. And as long as they want to stay in their own homes I think that they should be entitled to stay there. We shouldn't tax people right out of their homes.

Mr. McKibbon

We are worried about the effect of market value assessment on senior citizens who have owned houses for many years which were maybe only assessed at one-twentieth of what they should have been. We agree with them, that if you're going to have market value assessment it has to apply to everybody and these houses should go on the same scale at market value. We're hoping and expecting that the province will take a hard look at the Tax Credit System so that the people who have owned old houses that



Mayor Ken Keyes anticipated the day when the full property tax will be paid on government institutions. Kingston has the highest rate of tax exempt properties in Ontario.

*are really a lot more valuable will get help under the new tax system. Although assessment will have increased, people will not have more income to pay their taxes and they should not have to sell their homes.*

#### Aspects

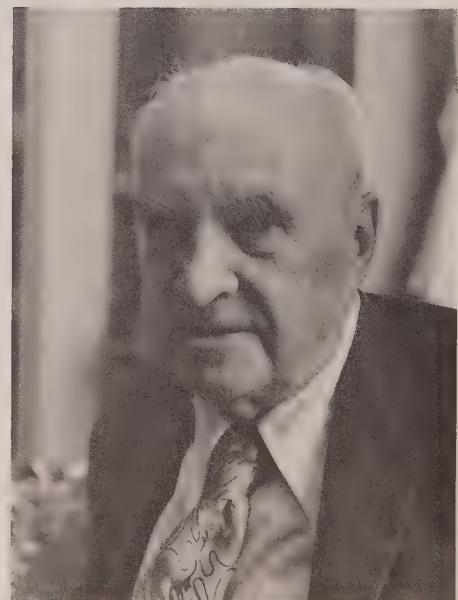
Are there any other specific inequalities that you perceive happening as a result of property tax reform?

#### Mr. Eggleton

*I'm concerned that a property that is not well maintained may actually get a tax benefit, because if it's not maintained properly, that supposedly reduces the market value or at least prevents it from going up as high as other properties that are well maintained. I think that people who go to extra lengths to fix up their houses should not be penalized for those improvements. And yet it could involve an increase in market value, whereas the person who gets by with just the very minimum standards of meeting the city's bylaw on maintenance could in fact be enjoying a benefit by his property value not increasing as much. The only response I got from the Commission on that was that it would benefit the person who put the extra money into his house, because he could then sell it at a higher price than could the other guy down the street. So he'd gain it back in the selling. However, a lot of my constituents go into these houses and fix them up, not with the idea that they're going to sell them; they fix them up because they want to stay there a long time. And the fact that they might be able to sell their property ten or twenty years down the road for more than the guy who doesn't keep up his property as well is of small comfort to them. So one of the recommendations that we previously had made to the Blair Commission was that there be some allowance for maintenance — keeping a property nice without there being additional tax burden falling on the taxpayer, and that hasn't been responded to properly.*

#### Aspects

Will the loss of the graded exemption increase the burden on some taxpayers?



△ Mr. T. J. McKibbin agrees with the universal application of market value assessment but was troubled over the effects that it would have on older properties.

#### Mr. Eggleton

*This is of some concern. There is no doubt that there are people taking advantage of it. The graded exemption goes back to World War I, when it was decided that veterans returning from the war should get a particular tax break to help them get back into the housing market here. So they set up a system whereby a property assessed at under two thousand dollars would get a 50% reduction from the general tax rate and now that excludes the school rate, and then if you were in the two thousand to*

twenty-five hundred dollar assessment bracket you'd get a 40% reduction, and so on up the line to four thousand dollars which was the maximum under which you could get a 10% reduction in your general tax rate. And there are at the moment about fifty thousand houses in the city which get that benefit.

Most of those properties are the older properties of the city and to a great extent they have in the past been occupied by lower income people. But we have a lot of people of middle or upper middle income who are moving into these houses and they're getting the advantage of up to a 50% reduction in taxes. And that reduction has gone with the property; it has nothing to do with the owner. In fact, there is a case where two aldermen on our council actually get this graded exemption in varying degrees — and they certainly don't need it. So the elimination of the exemption is warranted, except that there has been benefit to some people who are in the lower income bracket by having it. It has worked as a social equalizing factor.

Now the Commission says that property tax should not have anything to do with social assessment, that we should treat everybody the same regardless of income, and deal with the property tax credit system as the way of equalizing things — helping the people in the lower income brackets. And I have no quarrel with that in theory, except that there are a couple of things wrong with the suggested change. One is a cash flow problem, that people have to pay their taxes first and then at the end of the year or the following spring prior to April 30th when they fill out their income tax forms, they get credit for the additional taxes that they'd have to pay. I think that's most difficult. When you look at a lot of people in the lower income brackets who have been getting the graded exemption and suddenly will be faced with whopping increases, and add to this the fact that they've been assessed at such a low amount in the first place — well, they're really going to be hit by market value assessment. And they're going to have to pay all this money which they won't get back for several months, so there is obviously a cash flow problem.

#### Aspects

Let's move from the residential to the business sector. What is your opinion of the proposed uniform business tax?

#### Mr. McKibbon

One point we made in our brief was that the banks have traditionally paid a much higher business assessment which, according to their profit statements, they're well able to bear. Now we appreciate the fact that they are trying for a uniform business assessment, but when you're looking to get every dollar you can, we felt that the banks are one of the institutions that do not really need any special reduction in their taxes.

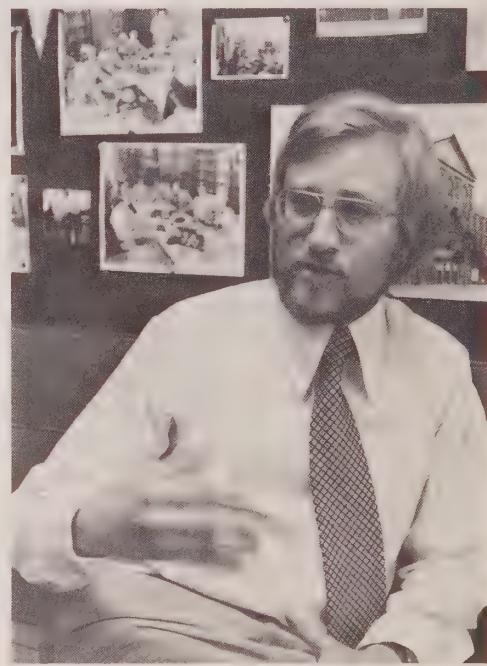
#### Mr. Eggleton

I'm concerned about what is going to happen to retail businesses. At the moment they are taxed for business tax purposes at about 30%, and there are various other levels — distilleries are up at 140%, financial institutions are 75%, car parks get down to 25% if I recall the figures,

and what they're saying is that we should have one 50% figure for business tax. Now that certainly is a nice break for financial institutions and distilleries, but it's a bad break for retail businesses, and a lot of these are small family type operations. In the ward that I represent on City Council I have a great number of them. I have more of that type of business than any other kind by at least two to one. So I have retail businesses that are going to go from a 30% business tax bracket to a 50% tax bracket, and that has got to have some effect.

#### Aspects

Did you ever make your concerns known to the Blair Commission?



△ Mr. Arthur Eggleton recognizes the dilemma of local governments: ". . . municipalities and certainly our municipality, are trying to make every effort to curtail spending . . . our costs are rising as inflation rises. So we still need more taxation which is based on ability to pay."

#### Mr. Eggleton

A member of the Commission told me that retail businesses are going to get a break on the realty tax side which is going to offset it. He says that on the basis of seeing information that we have not seen, so we cannot determine whether really that's the case. Many of these businesses are operated by tenants, so how do we know that any reduction in realty taxes is going to be passed on to the tenants? There's some suggestion that what needs to be done in the residential areas is that a tax credit should be provided, I don't think it should be on demand, I think it should be automatic. But there's no provision for that in the commercial area. And indeed, even if there were and even if there were some passing on, there could in fact be corresponding increases in the rent to offset that. Unlike the residential areas where there are rent controls, there isn't anything that we can do to properly monitor it, so that in effect we don't know that

the businesses aren't going to suffer. We do know that they have to pay the business tax directly, and whether they get any credit or not is a very uncertain matter with respect to the realty tax. So I'm most concerned about the viability of the small businesses, the retail merchants of Toronto.

#### Aspects

How do you find the existing level of tax burden distribution?

#### Mr. Eggleton

The concern we have at the municipal level, and have had for a great many years, is that property taxes are just becoming too great a burden for people. To illustrate this, in the City of Toronto over the past three years, we've had a total property tax increase in excess of 40%. Well now, in most cases incomes have not risen by 40% in the last three years, and the inflation index has not gone up by that in three years. So there has been a very substantial increase, and I think that people are saying that enough is enough. I think they said that at the last election. We have to hold down on property tax increases.

I think that municipalities, and certainly our municipality, are trying to make every effort to curtail spending. But at the same time our costs are rising as inflation rises. So we still need more taxation which is based on ability to pay. We need more of a slice of income tax or sales tax in whatever way the province sees fit to give it to us.

#### Mr. Speal

I think we should all sit down and find out how much money we're going to take in total from the taxpayer. Because if you take too much there will be rebellion. People will stop paying. When levels of taxation are reasonable, when the services being performed are reasonable, people do not mind paying their fair share. But when they become oppressive, people will devise ways of avoiding taxation; their attitude becomes, I'll pay when you catch me. That type of thinking is prevalent now and it means that something is wrong with the system. We're overtaxing and I'm talking about everybody overtaxing and our services are lousy.

#### Aspects

Mr. Speal, are the recommendations made by the Blair Commission a viable alternative to what we have now in the way of property taxation?

#### Mr. Speal

If the municipality is going to be limited to the property tax as its source of revenue, then all property must pay a fair share. So why all this process of upheaval? I'm not saying that it's wrong to study it, but you and I know the political implications of implementing the program. It can't be implemented. The tax on golf courses for example, the tax on farms, the redistribution of income from the business community to the old residential properties, politically can't be done. You can't increase the assessment on the old section of town ten times and at the same time tell me that the Bank of Nova Scotia, which just

built a multi-million dollar building, has its taxes reduced. You can't tell me that and still keep your job.

#### Aspects

What alternatives are open to us?

#### Mr. Speak

I think that you must inevitably come to the conclusion that while some services are local in nature, and therefore, properly borne by the property tax, most services are not local in nature and have no connection with the property tax. Therefore, what better source, especially during an inflationary period, than that of the income tax? I can afford to pay more as I earn more. I'm a working person, and I can charge more to my client, I can even do some moonlighting — as I did in the eleven years that I was down at City Hall. The retired person who has only a house has no opportunity to increase his or her income. And they're stuck with a piece of property, and what you are doing is you are forcing that person to sell and you are changing the quality of the community in which all those dreams of building originally started. You're stifling it because you're killing off your older people. The richness of a city is to have a mixture of people of all walks of life, all ages, colours, creeds, beliefs, ideals — that's a real community.

#### Aspects

Mr. Richmond, how do you think that the proposed tax reform will work?

#### Mr. Richmond

You certainly have to have an assessment procedure that reflects market value. But I'm a bit disappointed at the inability of the assessment procedures to respond to the concept of market value assessment. In terms of timing, it was supposed to be implemented this year for assessment in 1977 and 1978. I get the feeling that assessment is still not in the shape that it should be in. In the AMO brief we took the position that a postponement inevitably would occur and that the most that we could expect was implementation in 1978 — market value assessment of 1978 for taxation in 1979. If that were to occur, our position was that we'd have to be critical of government, unless the time bought gave us something substantial, which as a minimum would be using 1977 market value assessment. Now again, our understanding is that the assessment people cannot respond that quickly. It's very difficult to talk market value assessment without even having the 1975 figures in detail, being told that assessors can't respond with the 1977 figures if implementation doesn't occur until 1979, and yet being expected to think that market value assessment will work in the long run with all these constraints.

Now I realize that considerable caution is necessary but we've been at it for ten years. When are we going to get it? Are we not going to get it in the seventies at all; are we looking at the eighties? It's inconceivable. It's a mess now and the longer it stays under the existing format, the more difficult it will be to change it.

I guess that in summing up I'd suggest that they make the tax base complete and move to some valuation method that reflects value as it's perceived in the market place. And as soon as possible! □

# THE MAIL BAG

Recently *Aspects* updated our mailing records. This involved polling those persons outside of the Assessment Division who are currently receiving copies of

*Aspects*. We received replies from over 600 persons. A number of persons took the time to comment on the publication. We particularly appreciated the following:

## From The Valuer-Generals Office, Victoria, Australia.

Dear Madam:

I wish to express my great appreciation for the regular receipt of the magazine. The publication is full of interesting and informative information on valuation subjects. The magazine is making an important contribution to our library of valuation information. It never ceases to amaze me of the similarity of problems in your Country and mine. Certainly the information and articles encompassed in the magazine help us solve many of our problems over here and indeed often provides us with information which would not be readily available elsewhere.

Please accept my thanks for your proposal to continue forwarding this publication.

Yours sincerely,

Adrian J. McGlade,  
Valuer General.

## From the Royal Institution of Chartered Surveyors, London, England

Please continue to send us copies of *Aspects*. It is always an interesting journal.

Miss Pauline J. Lane,  
Librarian.

## From the Quebec Real Estate Review Board

'Very long life to *Aspects* and to the editor.'

Jules Bergeron,  
Vice-Chairman.

## From Shell Canada.

Am delighted to have been on the "Aspects" mailing list since its inception. It is a journal of truly professional quality, and one does not have to share all its opinions to appreciate it. Please keep it coming. . . and keep up the good work!

John G. Roberts,  
Director,  
Property Tax Service — Eastern Canada.

## From Seneca College.

*A superior publication in every respect — of continuing value in working with my students. Thank you.*

R. L. Abbott,  
Teaching Master.

• • •

We also received an interesting letter from Mr. Edward G. Beagan, Member, Assessment Review Court.

Dear Sir/Madam:

I am writing to thank you for the copy of "Aspects" #22 which I found interesting, educational and most informative. Permit me to introduce myself. I am a member of the Assessment Review Court, and in your recent issue, on Pages 52 and 53, I found some articles which I feel should be elaborated on.

I reside in suburban Parry Sound and come under the jurisdiction of the North Bay Region. I have acted as Chairman since 1966, in initially the 3 Member Courts, then the 2 Member Courts and some 5 years ago to the 1 Member Court which I find the most challenging and hope your department finds that is functioning properly. I might add before I forget, that I admire the quality of the assessment personnel appearing in the Courts I preside over, whoever is doing the selection and training of these men is really doing a bang up job. I have no complaints on the quality of the work performed at the Courts I have presided over.

I have one observation to make and hopefully you won't object to my bringing this to your attention, as I feel constructive criticism is good for all concerned. Please refer to Page 53, item C.

On occasion I have had appeals from city dwellers, on their cottages in this area who perhaps drove some 200 miles to air their grievance. On questioning the assessor, I have found out many times that the initial assessment was taken by, let us say, John Doe. However John does not appear for possibly some good reason and another assessor relates the information from the field card. I contend that the assessor taking the initial assessment should appear to be questioned, as it has been known that mistakes can be made on these cards. I know that it is actually impossible to have all the assessors in Court, however, the assessor giving the evidence should produce photographs to substantiate the information on the card.

I trust you will accept these observations and I would appreciate any articles relative to assessment, that you may feel is informative to me.

Thanking you for past services rendered.

Yours truly,

Edward G. Beagan,  
Assessment Review Court

## COMMENTS AND REPLY

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### EDITOR'S NOTE

The author of the above letter has raised an issue that has been discussed many times before, nevertheless it bears repetition.

Neighbourhood assessment ultimately should go a long way to mitigate the "absentee assessor" problem. It is envisioned that the neighbourhood assessor who values real property for municipal tax purposes will be responsible for defending those values in court. However, this will occur only when the neighbourhood concept has been fully implemented and the assessor has become familiar with his neighbourhood.

#### Comments on "Courts-An Assessor's Viewpoint."

In *Aspects* #21, we published an article entitled *Courts — An Assessor's Viewpoint*, by D.A. Rosier. Although the article contained some controversial statements, *Aspects* felt that Dave Rosier should be allowed to express his views. Following this same train of thought, we would like to publish the following exchange of comments by Ron Bailey and Dave Rosier.

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*Dear Aspects:*

While it is quite apparent that the views expressed in the April 1977 article, "Courts — An Assessor's Viewpoint" by D.A. Rosier, are not and could not be those of your excellent publication, I feel it incumbent upon me as an assessor who spends considerable time in the Court environment to repudiate those views.

The Ontario Legislature, in its wisdom, has set up the legal framework within which we, as civil servants and professional assessors must operate in our *Valuations, Assessments and Appeal Procedures*.

Just as an occasional fault can be found with some members of our profession, so, I'm sure, can there be criticism of an individual member of the *Assessment Appeal Tribunals*.

However, it is my opinion, based on a number of years of Court experience, that the members of the Ontario *Assessment Appeal Tribunals*, from *Assessment Review Court* to *Court of Appeal*, are diligent, hard working and fair in their deliberations.

These members, coming from various professions and many walks of life, are called upon to make very difficult decisions within divergent viewpoints and it is to their credit that they do so with even some consistency.

It does us no credit to cry "Foul" at a decision which goes against our position without asking ourselves if we presented the best possible case upon which the Court could deliberate.

The impression that I, and many of my staff received from this article is that assessments are always correct and that the taxpayer is bothering us by appealing. He also casts unnecessary aspersions on the credibility of all the many hard working and intelligent tax agents and consultants. Again, we all know of one or two who are a discredit to their profession but they stand out as totally reprehensible.

Finally, I must take extreme exception to the writers admonition to be as unhelpful as possible to the courts.

In the court environment the onus of making an assessment rests with that tribunal, and it must be incumbent on the assessor to assist the court, to the best of his ability, in meeting their statutory obligations.

I feel strongly enough to suggest that an apology should be forthcoming from the writer or *Aspects*.

R.R. Bailey,  
Valuation Manager.

Reply

Dear Editor:

Thank you for giving me the opportunity to comment on Ron Bailey's view of my article and to clarify a few points.

I think perhaps, Ron is being naive if he believes that tax consultants, who take as their fee a percentage of the tax savings, and lawyers, are not looking after their clients' interests first and that equity in assessment is one of their prime considerations.

The article is a positive statement on the reality of court work and provides examples of members, appellants and situations which I have personally experienced. I did not say that assessments are always correct but that "an assessor should never go into court with a valuation in which he has no confidence". When an assessor attaches a value to a property he is saying, "this is my opinion of its value". When the appellant appeals he is saying, "your opinion is wrong". Usually he is saying the value is too high. The parties then get together to review the information upon which the assessment was made and any new data that either one has to offer. If no agreement as to the value is forthcoming then it is put in front of a third party, the courts. From this point on, until he feels he is proved wrong, the assessor is bound to defend his opinion.

I did not mention tax agents or consultants in the article so it is difficult to see how I could cast "unnecessary aspersions" on their credibility. For the record though they are different. Tax agents are company employed representatives who are concerned mainly with see-

ing that their properties are equitably assessed. Tax consultants, on the other hand, are out to get assessment reductions for their clients. This especially holds true when they take a percentage of the tax savings as their fee — a practice which I believe to be rather unethical, since they must pre-suppose the assessment to be wrong in order to make any money.

Ron says he takes extreme exception to my admonition to be as unhelpful as possible to the courts. What, in fact, I said was "Under cross-examination be as unhelpful as possible within the limits of propriety". This, in plain English, means when the opposition lawyer is trying to get you to say what he wants you to say, and not what you want to say, don't help him out! As any assessor who has been cross-examined by a good lawyer knows, what you mean and what comes out on the stand are often two different things.

I agree that the onus is on the court to make the decision, but that decision will be made on the credibility of the evidence submitted and the strength of each side's presentation and arguments.

Ron's opinion that my views are extremely harmful to our profession and his request for an apology (to whom?) are, in my opinion, ludicrous. It was unnecessary however, for him to ask ASPECTS for an apology when the article is headed by a preface that disclaims responsibility for the author's opinions.

Yours very truly,

David A. Rosier, M.I.M.A.,  
Valuation Manager.

## SUBJECT INDEX OF ASPECTS 11-20

During its many years of publication, *Aspects* has covered a variety of topics on real property. These topics have all been compiled into an *Aspects Index*. The first installment of this index, covering *Aspects* #1 to *Aspects* #10 appeared in *Aspects* #22. This issue of *Aspects* carries the index for *Aspects* #11 — *Aspects* #20. [Ed.]

### Administration

A Brief description of the Ministry of Revenue	
R. Gibson	#11
What's going on here?	#11
What's happening in OHC	
R.R. Snell	#11
The Present: assessment administration vs. tax policy	
The Future: maintenance, renewal and innovation	
Aspects interviews the Deputy Minister	#11
1975 and the assessor	
Aspects interviews Mr. P.G. Gillis	#12
A fable	

J.P. Hill	#12
Aspects interviews Mr. Gordon Walker, Parliamentary Assistant to the Minister of Revenue	#13
Aspects interviews Mr. Gillis	#14
Aspects interviews Mr. Stephen Bartlett	#15
Aspects interviews Mr. Gillis	#15
How the ARC works and how to work with it	
Aspects interviews Mr. R.E. Michor	#16
Mr. E.K. Pukacz appointed ARC Chairman	#16
Mr. P.G. Gillis speaks on licensing, relationship with IMA and the Valuation File	#17
Everything you ever wanted to know about quality control	
P. Smith	#17

# SUBJECT INDEX

The background to assessment reform	
J. S. Purdon	#17
Mr. P.G. Gillis speaks on disclosure, updating 1972 base year values and provincial land tax assessment	#18
Revenue and You	
The Hon. Arthur Meen	#18
Aspects interviews the Hon. Arthur Meen	#18
Mr. Gillis speaks on impacts of reassessment, tax shifting and licencing	#19
Mr. Gillis speaks on condominium assessment rent control	#20
Performance appraisal in the Ministry of Revenue	
M. Morrison and C. Clifford	#20
Business assessment	
The franchise connection: a review of business assessment	
K. R. Morgan	#18
Case law	
Two assessment cases involving land speculation	#13
Two assessment cases involving business assessment	#14
The Assessment Case Digest	#14
Two assessment cases involving exemption	#15
Office Specialty: the final decision	#16
Business Assessment: a question of liability	#16
Liability to assessment — tenant-occupied crown lands	#17
Office Specialty: another view	
J.H. Clark	#18
Places of worship	#20
Communication	
Aspects Advisory Committee	#11 — #20
Regional Delegates for Aspects	#11 — #20
Is mass appraisal enough	
J.D. Enns	#11
Minister of Revenue: Honourable Arthur K. Meen, Q.C.	#14
Letter to Editor	#15
Revenue women on the move: a report on the first equal opportunity conference	#19
Comparative assessment	
Valuation methods and problems in the State of Victoria, Australia	
A.J. McGlade	#12
Assessment procedures in New Jersey	
J.F. Janata	#12
Proposals for assessment reform in Nova Scotia	
J.R. Cameron	#17
The background to assessment reform	#17
The application of multiple regression analysis on apartment properties	
G. W. Gipe	#18
Computer	
The application of multiple regression analysis on apartment properties	
G. W. Gipe	#18
Condominiums	
Mr. Gillis speaks on condominium assessment, rent control	#20
Data management	
Property Assessment	
F.L. Jung	#17
Cadastrales and their relationship with real property assessment	
IR. J.L.G. Hensen	#17
Education	
The assessment appeals training course	#16
Equal Opportunity	
Revenue women on the move: a report on the first equal opportunity conference	
	#19
Exemptions & special purpose property	
Exempt properties vs. market value	
G.R. Weir	#12
My fair assessment: the valuation of legitimate theatres and concert halls	
R. Weir	#16
Assessment and taxation of cable television installations in Ontario	
H.R. Nathan	#16
Farms	
Classification of farms in Ontario	
What is a farm?	
R. W. Carbert	#11
Rural land Valuation? No easy task!	
J. MacTavish	#11
Defining a farm: A growing problem	
E. Hanowski	#14
Geographical	
G-day 1974: a survey of reactions to geographic assessment	
Mr. P.G. Gillis speaks on Geographics	
Geographics: alive and well in Niagara	
	#13
	#16
	#18
Grants	
The Manitoba property tax credit plan	
J.C. Rose	#11
The property tax stabilization plan	
B. Pleva	#11
Housing	
What's happening in OHC	
Use of Valuation File data by the Ministry of Housing	
R. Stocking	#15
Judicial	
A hypothetical appeal on a reassessment property	
Appellant-Regional Registrar-Respondent	
R.E. Michor	#13
Legislation	
Changes in area boundaries of the Assessment	
Review Court IBC	
Amendments to The Assessment Act	
Bill 249 — an amendment to The Assessment Act	
What the rags say about the riches:	
Editorial responses to the budget	
The Land Speculation Tax	
K. Smith	#15

# SUBJECT INDEX

Bill 87: An Act to amend The Assessment Act .....	#15
The Land Speculation Tax revisited: A review of the legislative changes .....	#18
<b>Mapping</b>	
Get the picture with maps	
J. Valin .....	#13
Mapping progress: a summary of the first assessment mapping conference	
L. Stadelmann .....	#19
<b>Market Value</b>	
Exempt properties vs. market value	
G. R. Weir .....	#12
Anticipated problems in the assessment of older single family properties	
P. J. Rivers .....	#12
The market data approach for mass appraisal: graphical analysis	
D. Montgomery & J. Tait .....	#19
In defense of market value	
L. Larsen .....	#20
<b>Metric</b>	
Inching toward Metric	
W. S. Wu .....	#13
Metric conversion: planning approach, organization and tasks	
W. S. Wu and J. D. Withrow .....	#14
<b>Mortgages</b>	
Residential mortgages and sale prices	
R. Umstead .....	#16
<b>Municipal</b>	
Assessment — a municipal view	
C. M. Beckstead .....	#15
Response to Mr. Beckstead's article .....	#15
<b>Pioneer House Assessment</b>	
Pioneer house assessment	
C. Farr .....	#13
<b>Quality control</b>	
Everything you ever wanted to know about quality control	
P. Smith .....	#17
<b>Real estate market</b>	
Aspects interviews Mr. Stephen Bartlett .....	#15
A development dream: to make a house a home	
Aspects interviews Mr. H. Kassinger .....	#20
<b>Neighbourhood Assessment</b>	
Neighbourhood assessment in Ontario .....	#19
Assessment Standards Branch research program: residential valuation	
D. Montgomery .....	#19
The Market Data approach for mass appraisal: graphical analysis	
D. Montgomery and J. Tait .....	#19
Organizing for Neighbourhood Assessment	
A. Ritchie, K. Day & D. Montgomery .....	#19
A Case Study in Durham: D. Stones, W. Maybee, E. Hanowski and B. Dignew .....	#19
<b>Regional focus</b>	
Aspects interviews Mayor David Crombie .....	#14
Geographics — alive and well in Niagara .....	#18
Frozen Assessment: a visit to Algoma Assessment Office .....	#19
A case study in Durham	
D. Stones, W. Maybee, E. Hanowski, B. Dignew .....	#19
Assessing the reassessment: Aspects visits the Muskoka Regional Office .....	#20
<b>Tax</b>	
The present assessment administration vs. tax policy .....	#11
The Land Speculation Tax	
K. Smith .....	#15
An examination of local revenue sources in Canada	
J. A. Johnson .....	#16
Mr. Gillis speaks on impacts of reassessment, tax shifting and licensing .....	#19
<b>Valuation File</b>	
The potential of the Valuation File .....	#13
Progress of the Valuation File .....	#14
Use of Valuation File data by the Ministry of Housing	
R. Stocking .....	#15
Mr. P.G. Gillis speaks on licensing, relationship with IMA and the Valuation File .....	#17
Ontario shares its Valuation File .....	#17
<b>Valuation methods</b>	
Income approach: data collection and analysis	
J. W. Hughes .....	#11
Index numbers: a review	
N. Short .....	#12
The potential of the Valuation File .....	#13
Gross Income Multiplier and the assessor	
R. H. Craig .....	#13
Pioneer house assessment	
C. Farr .....	#13
Progress of the Valuation File .....	#14
Rental analysis in small municipalities	
A. Guillemette .....	#14
Capitalization of income	
H. Bennett .....	#15
Progress of the Valuation File .....	#15
Assessing cottage properties is no recreation	
J. Pelletier .....	#15
New Concepts in appraising income producing real estate	
Dr. W. M. Shenkel .....	#15
The income approach to value: a bibliography .....	#15
The application of multiple regression analysis on apartment properties	
G. W. Gipe .....	#18
<b>Assessment Review Court</b>	
Changes in area boundaries of the Assessment Review Court .....	#11
A.R.C.	
Mr. E.K. Pukacz appointed ARC Chairman .....	#16
How the A.R.C. Works and how to work with it	
Aspects interviews Mr. R. E. Michor .....	#16
<b>Zoning</b>	
Socio-economic impacts of zoning by-laws	
W. C. Muger .....	#17

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*Aspects* is published quarterly, in the fall, winter, summer and spring. It is distributed without charge to all assessors and students of assessment administration. Interested persons outside the Assessment Division may be placed on *Aspects'* mailing list on request.

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